



**Auditor of State
Betty Montgomery**

WASHINGTON TOWNSHIP
RICHLAND COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Washington Township
Richland County
695 Walnut Drive S.
Mansfield, Ohio 44904-1542

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2004, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Washington Township
Richland County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 29, 2004

**WASHINGTON TOWNSHIP
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$84,640	\$648,694	\$733,334
Intergovernmental	78,257	139,462	217,719
Special Assessments		3,031	3,031
Charges for Services		12,522	12,522
Licenses, Permits, and Fees	3,202		3,202
Earnings on Investments	5,582	647	6,229
Miscellaneous	738	10,095	10,833
	<u>172,419</u>	<u>814,451</u>	<u>986,870</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	215,645	2,682	218,327
Public Safety		42,118	42,118
Public Works	925	343,995	344,920
Health	1,302		1,302
Contract Services		9,767	9,767
Supplies and Materials		204,714	204,714
Miscellaneous		13,271	13,271
Capital Outlay		41,651	41,651
	<u>217,872</u>	<u>658,198</u>	<u>876,070</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(45,453)</u>	<u>156,253</u>	<u>110,800</u>
Other Financing Receipts:			
Other Sources	<u>2,386</u>		<u>2,386</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(43,067)	156,253	113,186
Fund Cash Balances, January 1	<u>204,393</u>	<u>682,642</u>	<u>887,035</u>
Fund Cash Balances, December 31	<u>\$161,326</u>	<u>\$838,895</u>	<u>\$1,000,221</u>
Reserve for Encumbrances, December 31	<u>\$13,775</u>	<u>\$10,191</u>	<u>\$23,966</u>

The notes to the financial statements are an integral part of this statement.

**WASHINGTON TOWNSHIP
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$85,910	\$598,326	\$684,236
Intergovernmental	50,887	129,626	180,513
Special Assessments		3,036	3,036
Licenses, Permits, and Fees	3,225		3,225
Earnings on Investments	10,746	1,055	11,801
Miscellaneous	10	3,521	3,531
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	150,778	735,564	886,342
Cash Disbursements:			
Current:			
General Government	162,105	2,295	164,400
Public Safety		35,991	35,991
Public Works	907	261,189	262,096
Health	2,078		2,078
Contract Services		7,493	7,493
Supplies and Materials		174,977	174,977
Miscellaneous		10,940	10,940
Capital Outlay		29,649	29,649
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	165,090	522,534	687,624
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/> (14,312) <hr/>	<hr/> 213,030 <hr/>	<hr/> 198,718 <hr/>
Other Financing Receipts:			
Other Sources	<hr/> 2,155 <hr/>	<hr/> <hr/>	<hr/> 2,155 <hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<hr/> (12,157) <hr/>	<hr/> 213,030 <hr/>	<hr/> 200,873 <hr/>
Fund Cash Balances, January 1	<hr/> 216,550 <hr/>	<hr/> 469,612 <hr/>	<hr/> 686,162 <hr/>
Fund Cash Balances, December 31	<u><u>\$204,393</u></u>	<u><u>\$682,642</u></u>	<u><u>\$887,035</u></u>
Reserve for Encumbrances, December 31	<hr/> <u>\$6,500</u> <hr/>	<hr/> <u>\$0</u> <hr/>	<hr/> <u>\$6,500</u> <hr/>

The notes to the financial statements are an integral part of this statement.

**WASHINGTON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Richland County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance and fire protection.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township has no investments.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund is used to account for property tax revenues received and used to pay for repair and maintenance of Township roads and equipment.

Permissive Sales Tax Fund - This fund is used to account for sales tax revenues received and used to pay for repair and maintenance of Township roads.

**WASHINGTON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$124,423	\$42,152
Business Market Index	<u>875,798</u>	<u>844,883</u>
Total deposits	<u><u>\$1,000,221</u></u>	<u><u>\$887,035</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**WASHINGTON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$141,475	\$174,805	\$33,330
Special Revenue	766,848	814,451	47,603
Total	\$908,323	\$989,256	\$80,933

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$345,868	\$231,647	\$114,221
Special Revenue	1,449,490	668,389	781,101
Total	\$1,795,358	\$900,036	\$895,322

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$173,513	\$152,933	(\$20,580)
Special Revenue	702,523	735,564	33,041
Total	\$876,036	\$888,497	\$12,461

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$390,063	\$171,590	\$218,473
Special Revenue	1,172,135	522,534	649,601
Total	\$1,562,198	\$694,124	\$868,074

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

**WASHINGTON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. PROPERTY TAX (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OPERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance from American Alternative Insurance Corporation, a subsidiary of Glatfelter Insurance Group, for the following risks:

- Comprehensive property and general liability;
- Equipment;
- Automobile; and
- Errors and omissions.

The Township also provides health insurance to full time employees through a private carrier.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Washington Township
Richland County
695 Walnut Drive S.
Mansfield, Ohio 44904-1542

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated January 29, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted a certain immaterial instance of noncompliance that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated January 29, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated January 29, 2004.

111 Second St., NW / Fourth Floor / Canton, OH 44702
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

Washington Township
Richland County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 29, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

WASHINGTON TOWNSHIP

RICHLAND COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 9, 2004**