



Mary Taylor, CPA
Auditor of State

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Washington Township
Paulding County
5376 Road 197
Oakwood, Ohio 45873-9515

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington Township, Paulding County, Ohio (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Washington Township, Paulding County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Motor Vehicle License Tax, Gasoline Tax, Road District, Fire District, and Emergency Medical Services funds thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2007, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Mary Taylor, CPA
Auditor of State

August 16, 2007

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

This discussion and analysis of the Washington Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 are as follows:

- Net assets of governmental activities increased \$25,342, or 23 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, mostly due to the increase in tax revenue and payment of employee insurance from other funds.
- The Township's general receipts are primarily property and other local taxes and grants and entitlements not restricted to specific programs. These receipts represent 74 and 18 percent respectively of the general cash received for governmental activities during the year. Property and other local tax receipts for 2005 changed very little compared to 2004 as development within the Township has leveled.
- Expenditures were also similar to 2004 with the exception of Miscellaneous Capital Projects expenditures decreasing because the Township completed a large building project during 2004.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we report governmental activities which include the Township's basic services such as fire protection. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Fire District Fund, Road District Fund, Emergency Medical Services Fund, and the Permanent Improvement Culverts Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a modified cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$137,638	\$112,296
Total Assets	\$137,638	\$112,296
 Net Assets		
Restricted for:		
Capital Outlay	14,591	10,382
Other Purposes	111,418	100,052
Unrestricted	11,629	1,862
Total Net Assets	\$137,638	\$112,296

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Net assets of the Township increased \$25,342 during 2005. The primary reasons contributing to the increase in cash balances are as follows:

- The Cemetery Fund balance increased over \$6,000 due to the fact the amount of mowings was decreased for the year and the increase in cemetery lot sales.
- Previous Trust funds of \$17,444 have been added to the Governmental Activities
- The Culvert Fund also increased by over \$4,000 with money being looked at to use in 2006.
- A FEMA Grant was received in the amount of \$1,830 which was used to repair roads.
- An increase in the Tangible Personal Property Tax increased the revenue in many funds. Also, the increase in Gasoline Tax increased the revenue respectfully.
- Fire and EMS contracts were not increased.
- Expenses were kept low and monitored carefully.

Table 2 reflects the changes in net assets on a modified cash basis in 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

(Table 2)

Changes in Net Assets

	Governmental Activities <u>2005</u>
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$11,425
Operating Grants and Contributions	<u>106,246</u>
Total Program Receipts	<u>117,671</u>
General Receipts:	
Property and Other Local Taxes	64,673
Grants and Entitlements Not Restricted to Specific Programs	15,778
Interest	1,104
Miscellaneous	<u>5,275</u>
Total General Receipts	<u>86,830</u>
Total Receipts	<u>204,501</u>
Disbursements:	
General Government	32,734
Public Safety	12,399
Public Works	88,906
Health	7,720
Capital Outlay	32,181
Principal Retirement	4,020
Interest and Fiscal Charges	<u>1,199</u>
Total Disbursements	<u>179,159</u>
Increase in Net Assets	25,342
Net Assets, January 1, 2005	<u>112,296</u>
Net Assets, December 31, 2005	<u><u>\$137,638</u></u>

Program receipts represent 58 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and cemetery fees.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

General receipts represent 42 percent of the Township's total receipts, and of this amount, over 74 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (18 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board of Trustees and fiscal officer, as well as internal services such as payroll and purchasing.

Public Safety is the costs of fire protection and emergency medical services; Public Works is the cost of maintaining the roads. Health is the cemetery services and Capital Outlay is the costs of capital expenditures such as road improvements.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Works and Capital Outlay, which account for 50 and 18 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 18 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$32,734	\$32,599
Public Safety	12,399	10,245
Public Works	88,906	(15,245)
Health	7,720	(3,511)
Capital Outlay	32,181	32,181
Principal Retirement	4,020	4,020
Interest and Fiscal Charges	1,199	1,199
Total Expenses	\$179,159	\$61,488

The dependence upon property tax receipts is apparent as over 34 percent of governmental activities are supported through these general receipts.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

The Township's Funds

Total governmental funds had receipts of \$204,501 and disbursements of \$179,159. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$9,767 as a result of insurance premiums, both property and health, being moved to the correct fund. Also, there was an increase of property taxes.

General Fund receipts were more than disbursements by \$9,767 indicating that the General Fund is in a surplus spending situation. As stated above, some of the insurance premiums have been allocated to different funds keeping the General Fund out of a deficit situation.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

During 2005, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to growth in tax receipts and estate tax receipts. The difference between final budgeted receipts and actual receipts was 15 percent due to less real estate taxes and miscellaneous revenue received.

Final disbursements were budgeted at \$42,563 while actual disbursements were \$27,996. Receipts were slightly less than expected although appropriations were not increased. The result is the increase in fund balance of \$9,767 for 2005.

Capital Assets and Debt Administration

Capital Assets

The Township does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

Debt

At December 31, 2005, the Township's outstanding debt was \$18,891 in general obligation note issued for construction of new township building. For further information regarding the Township's debt, refer to Note 11 to the basic financial statements.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and intergovernmental revenues. We reviewed our sources of revenue and determined increases were unlikely. We have reviewed our disbursements and try to keep all spending at a minimum. Road improvements can only be accomplished when the income is available, which in some cases, takes awhile. Payments on the township building will be complete in the year 2009.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Claudia Fickel, Fiscal Officer, 5376 Road 197, Oakwood, Ohio 45873-9515.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

*Statement of Net Assets - Modified Cash Basis
December 31, 2005*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$137,638</u>
<i>Total Assets</i>	<u><u>\$137,638</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$14,591
Other Purposes	111,418
Unrestricted	<u>11,629</u>
<i>Total Net Assets</i>	<u><u>\$137,638</u></u>

See accompanying notes to the basic financial statements

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

*Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$32,734	\$135		(\$32,599)
Public Safety	12,399	459	\$1,695	(10,245)
Public Works	88,906		104,151	15,245
Health	7,720	10,831	400	3,511
Capital Outlay	32,181			(32,181)
Debt Service:				
Principal Retirement	4,020			(4,020)
Interest and Fiscal Charges	1,199			(1,199)
<i>Total Governmental Activities</i>	<u>\$179,159</u>	<u>\$11,425</u>	<u>\$106,246</u>	<u>(61,488)</u>
		General Receipts		
				64,673
				15,778
				1,104
				5,275
				<u>86,830</u>
				25,342
				<u>112,296</u>
				<u>\$137,638</u>

See accompanying notes to the basic financial statements

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**WASHINGTON TOWNSHIP
PAULDING COUNTY**

*Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005*

	General	Motor Vehicle License Tax	Gasoline Tax	Fire District
Assets				
Equity in Pooled Cash and Cash Equivalents	\$11,629	\$4,630	\$24,703	\$19,471
<i>Total Assets</i>	<u>\$11,629</u>	<u>\$4,630</u>	<u>\$24,703</u>	<u>\$19,471</u>
Fund Balances				
Unreserved:				
Undesignated, Reported in:				
General Fund	11,629			
Special Revenue Funds		4,630	24,703	19,471
Capital Projects Funds				
<i>Total Fund Balances</i>	<u>\$11,629</u>	<u>\$4,630</u>	<u>\$24,703</u>	<u>\$19,471</u>

See accompanying notes to the basic financial statements

Road District	Emergency Medical Services	Permanent Improvement Culverts	Other Governmental Funds	Total Governmental Funds
<u>\$14,587</u>	<u>\$22,044</u>	<u>\$14,591</u>	<u>\$25,983</u>	<u>\$137,638</u>
<u><u>\$14,587</u></u>	<u><u>\$22,044</u></u>	<u><u>\$14,591</u></u>	<u><u>\$25,983</u></u>	<u><u>\$137,638</u></u>
14,587	22,044	14,591	25,983	11,629
<u>\$14,587</u>	<u>\$22,044</u>	<u>\$14,591</u>	<u>\$25,983</u>	<u>\$137,638</u>
<u><u>\$14,587</u></u>	<u><u>\$22,044</u></u>	<u><u>\$14,591</u></u>	<u><u>\$25,983</u></u>	<u><u>\$137,638</u></u>

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005*

	<u>General</u>	<u>Motor Vehicle Licenses Tax</u>	<u>Gasoline Tax</u>	<u>Fire District</u>
Receipts				
Property and Other Local Taxes	\$20,174			\$10,042
Charges for Services				
Licenses, Permits and Fees				
Sale of lots				
Intergovernmental	15,443	\$18,164	\$78,003	1,039
Interest	784	9	23	
Other	1,362		1,049	
<i>Total Receipts</i>	<u>37,763</u>	<u>18,173</u>	<u>79,075</u>	<u>11,081</u>
Disbursements				
Current:				
General Government	26,280	6,319		
Public Safety				8,479
Public Works	731	14,784	71,681	
Health				
Capital Outlay			4,513	
Debt Service:				
Principal Retirement	464		3,556	
Interest and Fiscal Charges	521		678	
<i>Total Disbursements</i>	<u>27,996</u>	<u>21,103</u>	<u>80,428</u>	<u>8,479</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,767</u>	<u>(2,930)</u>	<u>(1,353)</u>	<u>2,602</u>
<i>Fund Balances Beginning of Year</i>	<u>1,862</u>	<u>7,560</u>	<u>26,056</u>	<u>16,869</u>
<i>Fund Balances End of Year</i>	<u>\$11,629</u>	<u>\$4,630</u>	<u>\$24,703</u>	<u>\$19,471</u>

See accompanying notes to the basic financial statements

Road District	Emergency Medical Services	Permanent Improvement Culverts	Other Governmental Funds	Total Governmental Funds
\$24,777	\$5,821 459		\$3,859	\$64,673 459
			6,866	6,866
3,436	565	\$5,000	4,100	4,100
			374	122,024
2,664			288	1,104
			200	5,275
<u>30,877</u>	<u>6,845</u>	<u>5,000</u>	<u>15,687</u>	<u>204,501</u>
			135	32,734
	3,920			12,399
919		791		88,906
			7,720	7,720
26,584			1,084	32,181
				4,020
				1,199
<u>27,503</u>	<u>3,920</u>	<u>791</u>	<u>8,939</u>	<u>179,159</u>
<u>3,374</u>	<u>2,925</u>	<u>4,209</u>	<u>6,748</u>	<u>25,342</u>
<u>11,213</u>	<u>19,119</u>	<u>10,382</u>	<u>19,235</u>	<u>112,296</u>
<u>\$14,587</u>	<u>\$22,044</u>	<u>\$14,591</u>	<u>\$25,983</u>	<u>\$137,638</u>

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$20,814	\$22,945	\$20,174	(\$2,771)
Intergovernmental	15,400	16,723	15,443	(1,280)
Interest	189	816	784	(32)
Other	4,000	4,000	1,362	(2,638)
<i>Total receipts</i>	<u>40,403</u>	<u>44,484</u>	<u>37,763</u>	<u>(6,721)</u>
Disbursements				
Current:				
General Government	37,194	37,056	26,280	10,776
Public Works	635	773	731	42
Principal Retirement	464	464	464	
Interest and Fiscal Charges	95	95	521	(426)
<i>Total Disbursements</i>	<u>38,388</u>	<u>38,388</u>	<u>27,996</u>	<u>10,392</u>
<i>Excess of Receipts Over Disbursements</i>	<u>2,015</u>	<u>6,096</u>	<u>9,767</u>	<u>3,671</u>
Other Financing Uses				
Transfers Out	(4,175)	(4,175)		4,175
<i>Net Change in Fund Balance</i>	<u>(2,160)</u>	<u>1,921</u>	<u>9,767</u>	<u>7,846</u>
<i>Fund Balance Beginning of Year</i>	<u>1,862</u>	<u>1,862</u>	<u>1,862</u>	
<i>Fund Balance End of Year</i>	<u>(\$298)</u>	<u>\$3,783</u>	<u>\$11,629</u>	<u>\$7,846</u>

See accompanying notes to the basic financial statements

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Motor Vehicle Licenses Tax Fund
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Intergovernmental	\$20,000	\$20,000	\$18,164	(\$1,836)
Interest	24	24	9	(15)
<i>Total receipts</i>	<u>20,024</u>	<u>20,024</u>	<u>18,173</u>	<u>(1,851)</u>
Disbursements				
Current:				
General Government	6,429	6,429	6,319	110
Public Works	18,931	18,931	14,784	4,147
Capital Outlay	1,500	1,500		1,500
<i>Total Disbursements</i>	<u>26,860</u>	<u>26,860</u>	<u>21,103</u>	<u>5,757</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(6,836)</u>	<u>(6,836)</u>	<u>(2,930)</u>	<u>3,906</u>
<i>Fund Balance Beginning of Year</i>	<u>7,560</u>	<u>7,560</u>	<u>7,560</u>	
<i>Fund Balance End of Year</i>	<u><u>\$724</u></u>	<u><u>\$724</u></u>	<u><u>\$4,630</u></u>	<u><u>\$3,906</u></u>

See accompanying notes to the basic financial statements

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$78,000	\$78,000	\$78,003	\$3
Interest	46	46	23	(23)
Other		1,190	1,049	(141)
<i>Total receipts</i>	78,046	79,236	79,075	(161)
Disbursements				
Current:				
Public Works	84,068	87,373	71,681	15,692
Capital Outlay	12,000	8,885	4,513	4,372
Debt Service:				
Principal Retirement	3,556	3,556	3,556	
Interest and Fiscal Charges	678	678	678	
<i>Total Disbursements</i>	100,302	100,492	80,428	20,064
<i>Excess of Disbursements Over Receipts</i>	(22,256)	(21,256)	(1,353)	19,903
<i>Fund Balance Beginning of Year</i>	26,056	26,056	26,056	
<i>Fund Balance End of Year</i>	\$3,800	\$4,800	\$24,703	\$19,903

See accompanying notes to the basic financial statements

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$10,361	\$11,577	\$10,042	(\$1,535)
Intergovernmental	1,200	1,200	1,039	(161)
<i>Total receipts</i>	11,561	12,777	11,081	(1,696)
Disbursements				
Current:				
Public Safety	28,430	28,430	8,479	19,951
<i>Excess of Receipts Over (Under) Disbursements</i>	(16,869)	(15,653)	2,602	18,255
<i>Fund Balance Beginning of Year</i>	\$16,869	16,869	16,869	
<i>Fund Balance End of Year</i>	\$1,216	\$19,471	\$18,255	

See accompanying notes to the basic financial statements

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road District Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$24,370	\$27,617	\$24,777	(\$2,840)
Intergovernmental	2,700	2,700	3,436	736
Other		2,500	2,664	164
<i>Total receipts</i>	27,070	32,817	30,877	(1,940)
Disbursements				
Current:				
Public Works	2,500	5,000	919	4,081
Capital Outlay	35,783	35,783	26,584	9,199
<i>Total Disbursements</i>	38,283	40,783	27,503	13,280
<i>Excess of Receipts Over (Under) Disbursements</i>	(11,213)	(7,966)	3,374	11,340
<i>Fund Balance Beginning of Year</i>	\$11,213	11,213	11,213	
<i>Fund Balance End of Year</i>	\$3,247	\$3,247	\$14,587	\$11,340

See accompanying notes to the basic financial statements

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Emergency Medical Services Fund
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$5,800	\$6,700	\$5,821	(\$879)
Charges for Services			459	459
Intergovernmental	700	700	565	(135)
<i>Total receipts</i>	<u>6,500</u>	<u>7,400</u>	<u>6,845</u>	<u>(555)</u>
Disbursements				
Current:				
Public Safety	<u>25,619</u>	<u>25,619</u>	<u>3,920</u>	<u>21,699</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(19,119)</u>	<u>(18,219)</u>	<u>2,925</u>	<u>21,144</u>
<i>Fund Balance Beginning of Year</i>	<u>\$19,119</u>	<u>19,119</u>	<u>19,119</u>	
<i>Fund Balance End of Year</i>		<u>\$900</u>	<u>\$22,044</u>	<u>\$21,144</u>

See accompanying notes to the basic financial statements

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

*Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2005*

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$23,767
<i>Total Assets</i>	<u><u>\$23,767</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$23,767
<i>Total Net Assets</i>	<u><u>\$23,767</u></u>
See accompanying notes to the basic financial statements	

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

*Statement of Changes in Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2005*

	<u>Private Purpose Trust</u>
Additions	
Interest	<u>\$780</u>
<i>Total Additions</i>	<u>780</u>
Deductions	
Payments in Accordance with Trust Agreements	334
<i>Total Deductions</i>	<u>334</u>
Change in Net Assets	446
Net Assets - Beginning of Year	<u>23,321</u>
Net Assets - End of Year	<u><u>\$23,767</u></u>

See accompanying notes to the basic financial statements

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1 – REPORTING ENTITY

Washington Township, Paulding County, Ohio (the Township), is a body politic and corporate established in Ohio 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 also has an elected Fiscal Officer.

The reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, fire protection, maintenance/repair of township roads and bridges, and cemetery maintenance. The Township contracts with the Villages of Oakwood and Grover Hill to provide fire protection and emergency medical services, and the Ottoville Community Fire Company to provide fire protection services.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Based on this criteria, the Township has no component units.

C. Public Entity Risk Pools

The Township participates in one public entity risk pool. Note 8 to the financial statements provide additional information for the entity. This organization is the Ohio Government Risk Management Plan.

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

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are classified as governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are as follows:

1. **General Fund**

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

2. **Motor Vehicle License Tax Fund**

The Motor Vehicle License Tax Fund receives license taxes to pay for constructing, maintaining, and repairing Township roads.

3. **Gasoline Tax Fund**

The Gasoline Tax Fund receives state fuel excise taxes to pay for constructing, maintaining, and repairing Township roads.

4. **Road District Fund**

The Road District Fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

5. **Fire District Fund**

The Fire District Fund receives property tax monies to pay for its fire protection.

6. **Emergency Medical Services Fund**

The Emergency Medical Services Fund receives property tax monies to pay for its medical services.

7. **Permanent Improvement Culvert Fund**

The Culvert Fund receives a grant from the county to pay for maintaining culverts.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary funds include private purpose trust funds. Trust funds are used to account for assets held under a trust agreement for individuals which are not available to support the Township's own programs. The Township's private purpose trust fund accounts for programs that maintain cemetery gravesites.

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund-function-object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

During 2005, the Township invested in certificates of deposit. The certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$784 which includes \$672 assigned from other Township funds.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Long-Term Obligations

The Township’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for constructing and maintaining roads and bridges, fire protection, emergency medical services, and cemeteries.

The Township’s policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the *modified* cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (*modified* cash basis). There are no outstanding year end encumbrances.

NOTE 4 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

NOTE 5 – ACCOUNTABILITY AND COMPLIANCE

Compliance

Contrary to Ohio law, the following occurred:

1. Certain expenditures were not properly certified by fiscal officer.
2. Charges for emergency medical services billed and collected by the Village of Oakwood were not turned over to the Township for deposit into the emergency medical services fund.

NOTE 6 – DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 6 – DEPOSITS AND INVESTMENTS – (CONTINUED)

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions.

Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township; or collateralized by the financial institution's public entity deposit pool.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 7 – PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$58 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	<u>2005</u>
Residential	\$5,320,770
Agricultural	3,585,130
Commercial/Industrial/Mineral	234,280
Tangible Personal Property	594,580
Public Utility	851,060
Total Assessed Value	<u><u>\$10,585,820</u></u>

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 8 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. During 2005, the Township contracted with two companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
The Ohio Plan	General Liability	\$2,000,000 each occurrence \$4,000,000 aggregate
	Personal & Advertising Injury	\$2,000,000 occurrence limit
	Medical Expense	\$10,000 per accident
	Medical Expense	\$50,000 per person
	Bodily Injury by Accident	\$2,000,000 each accident
	Bodily Injury by Disease	\$2,000,000 each employee
	Bodily Injury by Accident	\$2,000,000 Aggregate
	Employee Benefits Liability	\$1,000,000 each incident \$3,000,000 aggregate
	Public Officials Liability	\$2,000,000 each act \$4,000,000 aggregate
	Automobile Coverage	\$2,000,000 each accident/\$250 ded.
	Uninsured Motorist	\$50,000 each accident
	Public Employee Dishonesty	\$5,000
	Theft	\$1,000
	Forgery	\$5,000
	Computer Fraud	\$1,000
	Bonds	Fiscal Officer \$25,000 Trustees/Zoning Insp \$5,000
	Farmers Mutual Aid Ins.Co.	Building
Personal Property		\$65,000

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members")

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgements, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 8 – RISK MANAGEMENT – (CONTINUED)

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles and reported the following assets, liabilities and retained earnings at December 31, 2005:

Assets	\$8,219,430
Liabilities	<u>(2,748,639)</u>
Member's Equity	\$5,470,791

NOTE 9 – DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003, were \$12,440, \$12,132 and \$11,247 respectively. The full amount has been contributed for 2005, 2004, and 2003. Contributions to the member-directed plan for 2005 were \$7,645 made by the Township and \$4,796 made by the plan members.

**WASHINGTON TOWNSHIP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$2,294. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

NOTE-11 DEBT

Debt outstanding at December 31, 2005 was as follows

<u>Loan</u>	<u>Principal</u>	<u>Interest Rate</u>
Township Building	\$18,891	4.00

The loan was issued to finance the remainder of the township building. Previous building was destroyed by a tornado in 2002. All insurance monies were applied and the remainder was outstanding debt. The loan is collateralized solely by the Township's taxing authority.

WASHINGTON TOWNSHIP
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

NOTE-11 DEBT – (CONTINUED)

The following is a summary of the township's future annual debt service requirements including interest:

<u>Year</u>	<u>Loan Amount</u>
2006	\$5,219
2007	5,219
2008	5,219
2009	4,784
Total	<u>\$20,441</u>

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Washington Township
Paulding County
5376 Road 197
Oakwood, Ohio 45873-9515

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington Township, Paulding County (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 16, 2007, wherein, we noted that the Township revised its financial statement presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

We noted certain matters that we reported to the Township's management in a separate letter dated August 16, 2007.

One Government Center / Room 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 and 2005-002. In a separate letter to the Township's management dated August 16, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 16, 2007

WASHINGTON TOWNSHIP
PAULDING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Seventeen percent of expenditures were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2005-001
(Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Official's Response:

The Township did not respond to this finding.

FINDING NUMBER 2005-002

Noncompliance Citation

Ohio Rev. Code Ann. 505.44 states that a township may enter into a contract with a village in order to procure ambulance or emergency medical services. ORC 505.84 gives a township the ability to bill township users and collect fees for such services. Additionally, this provision mandates that any such collections must be kept in a separate fund of the township and shall only be used for the "payment of the costs of the management, maintenance, and operation of fire and rescue services, ambulance services, and emergency medical services in the township. The Attorney General, in OAG 2003-017, interpreted these sections. The AG opined that a township can authorize a village to collect the above-mentioned fees, but any such fees must be turned over to the township so that compliance with ORC 505.84 can be accomplished.

The Township entered into a contract with the Village of Oakwood for the procurement of ambulatory services. Additionally, the Township has authorized the Village of Oakwood to charge the township residents for emergency medical services provided to them. The Village collected \$459 in 2005 for such services, but did not remit such payment back to the Township.

The Township should record the revenues collected by the Village of Oakwood and expense these receipts back to the Village for payment for the ambulatory services.

Official's Response:

The Township did not respond to this finding.

WASHINGTON TOWNSHIP
PAULDING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2004-001	Ohio Revised Code § 5705.41 (B) – Expenditures exceeded Appropriations.	Yes	



Mary Taylor, CPA
Auditor of State

WASHINGTON TOWNSHIP

PAULDING 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
SEPTEMBER 25, 2007**