



OHIO AUDITOR OF STATE  
**KEITH FABER**





WASHINGTON TOWNSHIP  
COLUMBIANA COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Washington Township  
Columbiana County  
100 Commerce Street  
Salineville, OH 43945

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Washington Township, Columbiana County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Washington Township, Columbiana County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2020 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

August 18, 2020

**Washington Township**  
*Columbiana County, Ohio*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2019*

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$22,392	\$181,585			\$203,977
Licenses, Permits and Fees	200				200
Intergovernmental	32,017	132,854		\$30,409	195,280
Earnings on Investments	10,763	2,605			13,368
Miscellaneous	1,842	12,643			14,485
<i>Total Cash Receipts</i>	<u>67,214</u>	<u>329,687</u>	<u>\$0</u>	<u>30,409</u>	<u>427,310</u>
<b>Cash Disbursements</b>					
Current:					
General Government	33,525				33,525
Public Safety		79,623			79,623
Public Works	9,487	249,652			259,139
Health	7,806				7,806
Capital Outlay				30,409	30,409
Debt Service:					
Principal Retirement		10,994			10,994
Interest and Fiscal Charges		1,000			1,000
<i>Total Cash Disbursements</i>	<u>50,818</u>	<u>341,269</u>	<u>0</u>	<u>30,409</u>	<u>422,496</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>16,396</u>	<u>(11,582)</u>	<u>0</u>	<u>0</u>	<u>4,814</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Financing Sources	100	264,201	0	0	264,301
<i>Net Change in Fund Cash Balances</i>	16,496	252,619	0	0	269,115
<i>Fund Cash Balances, January 1</i>	279,548	393,396	820	891	674,655
<b>Fund Cash Balances, December 31</b>					
Restricted		646,015	820	891	647,726
Assigned	296,044				296,044
<i>Fund Cash Balances, December 31</i>	<u>\$296,044</u>	<u>\$646,015</u>	<u>\$820</u>	<u>\$891</u>	<u>\$943,770</u>

See accompanying notes to the financial statements

**Washington Township**  
 Columbiana County, Ohio  
 Combined Statement of Receipts, Disbursements  
 and Changes in Fund Balances (Regulatory Cash Basis)  
 All Fiduciary Fund Types  
 For the Year Ended December 31, 2019

	<b>Custodial</b>
<b>Operating Cash Disbursements</b>	
Other	\$83,000
<i>Total Operating Cash Disbursements</i>	83,000
 <i>Net Change in Fund Cash Balance</i>	(83,000)
 <i>Fund Cash Balances, January 1</i>	\$83,000
 <i>Fund Cash Balances, December 31</i>	\$0

See accompanying notes to the financial statements



**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Washington Township, Columbiana County, Ohio (the Township), as a body corporate and politic. A publicly elected three- member Board of Trustees directs the Township. The Township provides general government services, including road and bridge maintenance. The Township contracts with the Highlandtown Volunteer Fire Department and Salineville Volunteer Fire Department to provide fire protection services.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool available to Ohio Townships. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds 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. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Road and Bridge Fund*** The road and bridge fund accounts for and reports the receipts of property tax monies for the purpose of constructing, maintaining, and repairing Township roads and bridges.

***Gasoline Tax Fund*** The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Fire District Fund*** The fire district fund accounts for and reports the receipts of property tax monies restricted for the purpose of providing fire protection to the Township’s residents.

**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***Debt Service Fund*** These funds account for and report financial resources that are restricted to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

***General Bond (Note) Retirement Fund*** The general bond (note) retirement fund accounts for and reports the receipt of monies set aside for the purpose of repaying general obligation bonds and notes.

***Capital Project Fund*** These funds account for and report financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

***Permanent Improvement Fund*** The permanent improvement fund accounts for and reports the receipt of monies restricted for the purpose of the constructing the garage building.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency/custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

Agency/Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's agency/custodial fund accounts for funds held in escrow for Utica gas pipeline project deposit.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund except certain agency/custodial funds be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***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 approve estimated resources.

***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 re-appropriated.

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** The Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2019 is as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,276	\$67,314	\$22,038
Special Revenue	444,951	593,888	148,937
Debt Service	0	0	0
Capital Projects	0	0	0
Total	\$490,227	\$661,202	\$170,975

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$324,824	\$50,983	\$273,841
Special Revenue	641,348	344,791	296,557
Debt Service	820	0	820
Capital Projects	891	0	891
Total	\$967,883	\$395,774	\$572,109

**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 4 – Deposits and Investments**

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

	<u>2019</u>
Demand deposits	\$ 204,769
STAR Ohio Plus	<u>231</u>
Total deposits	205,000
STAR Ohio	<u>738,770</u>
Total investments	<u>738,770</u>
Total deposits and investments	<u>\$ 943,770</u>

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 6 - Risk Management**

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 33,097,416
Actuarial liabilities	7,874,610

The above information was as of December 31, 2018, this is the most recent information available at the time the notes were prepared.

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

All of the Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2019.

**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 9 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$23,060	3.15%

The Township issued a general obligation note to finance the purchase of a new 2015 International Terrastar SFA 4x4 TR005 truck. The Township intends to repay the loan from the Special Levy Fund.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	General Obligation Notes
2020	\$11,994
2021	11,994
Total	<u>\$23,988</u>

**Note 10- Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**Washington Township**  
*Columbiana County, Ohio*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2018*

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$22,451	\$177,212			\$199,663
Licenses, Permits and Fees	950				950
Intergovernmental	31,894	113,271			145,165
Earnings on Investments	8,258	2,102			10,360
Miscellaneous	569	11,381			11,950
<i>Total Cash Receipts</i>	<u>64,122</u>	<u>303,966</u>	<u>\$0</u>	<u>\$0</u>	<u>368,088</u>
<b>Cash Disbursements</b>					
Current:					
General Government	30,149				30,149
Public Safety		81,656			81,656
Public Works	3,808	190,638			194,446
Health	7,139				7,139
Capital Outlay					
Debt Service:					
Principal Retirement		10,651			10,651
Interest and Fiscal Charges		1,343			1,343
<i>Total Cash Disbursements</i>	<u>41,096</u>	<u>284,288</u>	<u>0</u>	<u>0</u>	<u>325,384</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>23,026</u>	<u>19,678</u>	<u>0</u>	<u>0</u>	<u>42,704</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Financing Sources	860	0	0	0	860
<i>Net Change in Fund Cash Balances</i>	23,886	19,678	0	0	43,564
<i>Fund Cash Balances, January 1</i>	<u>255,662</u>	<u>373,718</u>	<u>820</u>	<u>891</u>	<u>631,091</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		393,396	820	891	395,107
Assigned	279,548				279,548
<i>Fund Cash Balances, December 31</i>	<u>\$279,548</u>	<u>\$393,396</u>	<u>\$820</u>	<u>\$891</u>	<u>\$674,655</u>

See accompanying notes to the financial statements

**Washington Township**  
 Columbiana County, Ohio  
 Combined Statement of Receipts, Disbursements  
 and Changes in Fund Balances (Regulatory Cash Basis)  
 All Fiduciary Fund Types  
 For the Year Ended December 31, 2018

	<b>Agency</b>
<b>Non-Operating Receipts (Disbursements)</b>	
Other Financing Sources	\$83,000
<i>Total Non-Operating Receipts (Disbursements)</i>	83,000
 <i>Net Change in Fund Cash Balance</i>	 83,000
 <i>Fund Cash Balances, January 1</i>	 \$0
 <i>Fund Cash Balances, December 31</i>	 \$83,000

See accompanying notes to the financial statements

**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 1 – Reporting Entity**

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Road and Bridge Fund*** The road and bridge fund accounts for and reports the receipts of property tax monies for the purpose of constructing, maintaining, and repairing Township roads and bridges.

***Gasoline Tax Fund*** The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***Fire District Fund*** The fire district fund accounts for and reports the receipts of property tax monies restricted for the purpose of providing fire protection to the Township's residents.

***Debt Service Fund*** These funds account for and report financial resources that are restricted to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

***General Bond (Note) Retirement Fund*** The general bond (note) retirement fund accounts for and reports the receipt of monies set aside for the purpose of repaying general obligation bonds and notes.

***Capital Project Fund*** These funds account for and report financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

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Agency/Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's agency/custodial fund accounts for funds held in escrow for Utica gas pipeline project deposit.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level for all funds and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***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 approve estimated resources.

***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 re-appropriated.

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Committed** The Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,692	\$64,982	\$20,290
Special Revenue	247,952	303,966	56,014
Debt Service	0	0	0
Capital Projects	0	0	0
<b>Total</b>	<b>\$292,644</b>	<b>\$368,948</b>	<b>\$76,304</b>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$330,354	\$41,263	\$289,091
Special Revenue	621,669	286,119	335,550
Debt Service	820	0	820
Capital Projects	891	0	891
<b>Total</b>	<b>\$953,734</b>	<b>\$327,382</b>	<b>\$626,352</b>

**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 4 – Deposits and Investments**

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

	2018
Demand deposits	<u>\$182,023</u>
Total deposits	<u>182,023</u>
STAR Ohio	<u>575,632</u>
Total investments	<u>575,632</u>
Total deposits and investments	<u><u>\$757,655</u></u>

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 - Risk Management**

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 33,097,416
Actuarial liabilities	7,874,610

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

All of the Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2018.



**Washington Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$ 34,054	3.15%

The Township issued a general obligation note to finance the purchase of a new 2015 International Terrastar SFA 4x4 TR005 truck. The Township intends to repay the loan from the Special Levy Fund.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>General Obligation Note</u>
2019	\$ 11,995
2020	11,994
2021	<u>11,991</u>
Total	<u>\$ 35,983</u>

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# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

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

Washington Township  
Columbiana County  
100 Commerce Street  
Salineville, OH 43945

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Washington Township, Columbiana County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated August 18, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and also noted the Township included a disclosure regarding the potential financial impact of COVID-19 and the ensuing emergency measures.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Government'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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

August 18, 2020

**WASHINGTON TOWNSHIP  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>OTHER – FINDINGS FOR RECOVERY</b>
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We identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS report.

**FINDING NUMBER 2019-001**

**Finding for Recovery Repaid Under Audit**

The Township paid Patrick McVay for working eighty hours on October 1, 2019 for the pay period September 16 -30, 2019. However, his time sheet is documented for forty hours of work for the pay period. This resulted to an overpayment of a gross amount of \$560.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money received for an improper public purpose is hereby issued against Patrick McVay, for \$560 and in favor of Washington Township's Gasoline Tax Fund.

The \$560 overpayment was repaid on July 27, 2020 by the Fiscal Officer.

The Township should verify employee's payroll matches the submitted timesheet before approving each pay.

**Officials' Response:** We did not receive a response from Officials to this finding.

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# OHIO AUDITOR OF STATE KEITH FABER



**WASHINGTON TOWNSHIP**

**COLUMBIANA COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/1/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)