



OHIO AUDITOR OF STATE  
**KEITH FABER**





**WASHINGTON TOWNSHIP  
MONROE COUNTY  
DECEMBER 31, 2019 AND 2018**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019 .....	3
Notes to the Financial Statements for the Year Ended December 31, 2019 .....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2018 .....	11
Notes to the Financial Statements for the Year Ended December 31, 2018 .....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19
Schedule of Findings.....	21

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Washington Township  
Monroe County  
39111 Church Road  
Graysville, Ohio 45734

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, Monroe 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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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, Monroe County, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 11 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 May 4, 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

May 4, 2020

**WASHINGTON TOWNSHIP  
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$24,955	\$87,779	\$0	\$112,734
Intergovernmental	14,551	165,389	8,170	188,110
Earnings on Investments	138	39	0	177
Miscellaneous	2,012	1,512	0	3,524
<i>Total Cash Receipts</i>	<u>41,656</u>	<u>254,719</u>	<u>8,170</u>	<u>304,545</u>
<b>Cash Disbursements</b>				
Current:				
General Government	29,199	22,192	0	51,391
Public Safety	142	7,337	0	7,479
Public Works	0	132,120	0	132,120
Capital Outlay	0	131,814	0	131,814
Debt Service:				
Principal Retirement	0	0	7,300	7,300
Interest and Fiscal Charges	0	0	1,092	1,092
<i>Total Cash Disbursements</i>	<u>29,341</u>	<u>293,463</u>	<u>8,392</u>	<u>331,196</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>12,315</u>	<u>(38,744)</u>	<u>(222)</u>	<u>(26,651)</u>
<b>Other Financing Receipts</b>				
Sale of Bonds	0	84,500	0	84,500
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>84,500</u>	<u>0</u>	<u>84,500</u>
<i>Net Change in Fund Cash Balances</i>	12,315	45,756	(222)	57,849
<i>Fund Cash Balances, January 1</i>	<u>14,906</u>	<u>114,147</u>	<u>2,182</u>	<u>131,235</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	95,783	1,960	97,743
Committed	0	64,120	0	64,120
Assigned	25,390	0	0	25,390
Unassigned	1,831	0	0	1,831
<i>Fund Cash Balances, December 31</i>	<u>\$27,221</u>	<u>\$159,903</u>	<u>\$1,960</u>	<u>\$189,084</u>

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

**This page intentionally left blank.**

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

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Washington Township, Monroe County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance. The Township contracts with the Graysville VFD to provide fire services and Bethel-Graysville EMS to provide ambulance services. The Township appropriates general fund money to support a volunteer fire department.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 7 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 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 or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

***Road Improvement Fund*** The road improvement fund receives Real Estate and Personal Property Taxes for constructing, maintaining and repairing Township roads.

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

***Bond Retirement Backhoe Fund*** The bond retirement backhoe fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of a backhoe.

**Washington Township**  
*Monroe County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Bond Retirement Truck Fund*** The bond retirement truck fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of a truck.

***Bond Retirement Tractor Fund*** The bond retirement tractor fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of a tractor and mower.

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

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 4.

***Deposits***

The Township pools all available funds of the Township in an interest-bearing checking account.

***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.

**Washington Township**  
*Monroe County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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*** 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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***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 – Compliance**

Contrary to Ohio law, various receipts and expenditures were allocated to the wrong funds during 2019. Also, contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Gasoline Tax Fund by \$108,841 for the year ended December 31, 2019. Also, contrary to Ohio law, the Township did not file the “Total Amount From All Sources Available For Expenditures” with the County Auditor. Therefore, appropriations exceeded estimated resources in several funds for the year ended December 31, 2019.

**Washington Township**  
*Monroe County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$41,656	\$41,656
Special Revenue	0	339,219	339,219
Debt Service	0	8,170	8,170
Total	\$0	\$389,045	\$389,045

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,331	\$29,341	\$20,990
Special Revenue	295,834	293,463	2,371
Debt Service	11,075	8,392	2,683
Total	\$357,240	\$331,196	\$26,044

**Note 5 – Deposits**

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

	2019
Demand deposits	\$189,084

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 6 – 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**  
*Monroe County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

---

**Note 7 – Risk Management**

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). 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, 2018 (the latest information available):

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

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Four 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 includes postretirement health care and survivor and disability benefits.

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

**Note 9 – 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 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Washington Township**  
*Monroe County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

**Note 10 – Debt**

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

	Principal	Interest Rate
USDA Equipment Bonds Tractor	\$84,500	3.00%
USDA Equipment Bonds Truck	24,700	3.25%
Total	\$109,200	

The Township issued general obligation bonds in the amount of \$30,000 in 2017 to finance the purchase of a truck for Township road maintenance. The Township’s taxing authority collateralized the bonds.

The Township issued general obligation bonds in the amount of \$84,500 in 2019 to finance the purchase of a tractor and mower for Township road maintenance. The Township’s taxing authority collateralized the bonds.

***Amortization***

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

	USDA Equipment Bonds Tractor	USDA Equipment Bonds Truck
Year Ending December 31:		
2020	\$9,921	\$3,503
2021	9,913	3,615
2022	9,885	3,521
2023	9,851	3,527
2024	9,911	3,629
2025-2029	49,564	10,657
Total	\$99,045	\$28,452

**Note 11 – Subsequent Event**

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. The impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**WASHINGTON TOWNSHIP  
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$14,144	\$45,546	\$0	\$59,690
Intergovernmental	14,241	108,474	8,540	131,255
Earnings on Investments	96	54	0	150
Miscellaneous	1,231	1,116	0	2,347
<i>Total Cash Receipts</i>	<u>29,712</u>	<u>155,190</u>	<u>8,540</u>	<u>193,442</u>
<b>Cash Disbursements</b>				
Current:				
General Government	31,815	9,860	0	41,675
Public Safety	0	7,018	0	7,018
Public Works	0	151,885	0	151,885
Debt Service:				
Principal Retirement	0	0	7,000	7,000
Interest and Fiscal Charges	0	0	1,334	1,334
<i>Total Cash Disbursements</i>	<u>31,815</u>	<u>168,763</u>	<u>8,334</u>	<u>208,912</u>
<i>Net Change in Fund Cash Balances</i>	(2,103)	(13,573)	206	(15,470)
<i>Fund Cash Balances, January 1</i>	<u>17,009</u>	<u>127,720</u>	<u>1,976</u>	<u>146,705</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	67,877	2,182	70,059
Committed	0	46,270	0	46,270
Assigned	14,906	0	0	14,906
<i>Fund Cash Balances, December 31</i>	<u>\$14,906</u>	<u>\$114,147</u>	<u>\$2,182</u>	<u>\$131,235</u>

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

**This page intentionally left blank.**

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

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Washington Township, Monroe County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance. The Township contracts with the Graysville VFD to provide fire services and Bethel-Graysville EMS to provide ambulance services. The Township appropriates general fund money to support a volunteer fire department.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 7 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 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 or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

***Road Improvement Fund*** The road improvement fund receives Real Estate and Personal Property Taxes for constructing, maintaining and repairing Township roads.

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

***Bond Retirement Backhoe Fund*** The bond retirement backhoe fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of a backhoe.

**Washington Township**  
*Monroe County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

---

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Bond Retirement Truck Fund*** The bond retirement truck fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of a truck.

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

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

***Deposits***

The Township pools all available funds of the Township in an interest-bearing checking account.

***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.

**Washington Township**  
*Monroe County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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*** 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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***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.

**Washington Township**  
*Monroe County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

**Note 3 – Compliance**

Contrary to Ohio law, various receipts and expenditures were allocated to the wrong funds during 2018. Also, contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Knowlton Park Fund by \$6,396 for the year ended December 31, 2018.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,676	\$29,712	\$36
Special Revenue	135,767	155,190	19,423
Debt Service	10,000	8,540	(1,460)
Total	\$175,443	\$193,442	\$17,999

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,685	\$31,815	\$14,870
Special Revenue	263,283	168,763	94,520
Debt Service	11,869	8,334	3,535
Total	\$321,837	\$208,912	\$112,925

**Note 5 – Deposits**

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

	2018
Demand deposits	\$131,235

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 6 – 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.

**Washington Township**  
*Monroe County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

---

**Note 6 – Property Taxes (Continued)**

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.

**Note 7 – Risk Management**

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). 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 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Four 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 includes postretirement health care and survivor and disability benefits.

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

**Washington Township**  
*Monroe County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

**Note 9 – 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 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 10 – Debt**

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
USDA Equipment Bonds Backhoe	\$4,600	4.375%
USDA Equipment Bonds Truck	27,400	3.25%
Total	\$32,000	

The Township issued general obligation bonds in the amount of \$38,000 in 2009 to finance the purchase of a backhoe for Township road maintenance. The Township’s taxing authority collateralized the bonds.

The Township issued general obligation bonds in the amount of \$30,000 in 2017 to finance the purchase of a truck for Township road maintenance. The Township’s taxing authority collateralized the bonds.

***Amortization***

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

	USDA Equipment Bonds Backhoe	USDA Equipment Bonds Truck
Year Ending December 31:		
2019	\$4,801	\$3,591
2020		3,503
2021		3,615
2022		3,521
2023		3,527
2024-2027		14,286
Total	\$4,801	\$32,043

**Note 11 – Subsequent Event**

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. The impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@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  
Monroe County  
39111 Church Road  
Graysville, Ohio 45734

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, Monroe County, Ohio (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 May 4, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

### ***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 opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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 a 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. We consider findings 2019-001, 2019-002, 2019-005, and 2019-006 described in the accompanying Schedule of Findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2019-007 described in the accompanying Schedule of Findings to be a significant deficiency.

***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, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2019-001 through 2019-004.

***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

May 4, 2020

**WASHINGTON TOWNSHIP  
MONROE COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2019-001**

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(C)** states all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

The Township did not post property taxes in accordance to millage levied for each fund, nor did the Township allocate property tax deductions properly among funds.

We noted the following:

- The General Fund was overcharged for tax deductions in the amount of \$1,985 in 2019;
- The Road and Bridge Fund, Road Improvement Fund and Knowlton Park Fund were undercharged for tax deductions in the amounts of \$668, \$1,294 and \$23, respectively, in 2019;
- Tax receipts were posted to the General Fund instead of the Knowlton Park Fund in the amount of \$1,973 in 2018;
- The General Fund, Motor Vehicle License Tax Fund and Gasoline Tax Fund were overcharged for tax deductions in the amounts of \$1,344, \$786 and \$771, respectively, in 2018; and
- The Road and Bridge Fund, Road Improvement Fund and Knowlton Park Fund were undercharged for tax deductions in the amounts of \$1,129, \$1,699 and \$73, respectively, in 2018.

Additionally, **Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

We noted the following:

- USDA bonds and grant were posted to the Bond Retirement Tractor Fund Miscellaneous Revenue instead of the Gasoline Tax Fund in the amounts of \$84,500 to Sale of Bonds and \$50,000 to Intergovernmental in 2019;
- State Forest Payment In Lieu of Taxes was posted to the General Fund Taxes instead of the Knowlton Park Fund Intergovernmental Revenue in the amount of \$57 in 2018; and
- Homestead and Rollback receipts were posted to the General Fund in the amount of \$1,367 instead of the Road and Bridge Fund and the Knowlton Park Fund in the amounts of \$716 and \$651, respectively, in 2018.

The Fiscal Officer adjusted the Township's records and the adjustments are reflected in the accompanying financial statements.

We also noted in 2019, the Township received a MARCS grant from the State of Ohio in the amount of \$720 for fire and rescue equipment and the receipt and expenditure activity was reflected in the General Fund instead of the Fire and Rescue, Ambulance and EMS Services Fund. As this error was not significant, this adjustment is not reflected in the accompanying financial statements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities.

The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

**WASHINGTON TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2019-002**

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(I)** requires that money paid into any fund shall be used only for the purposes for which such fund is established.

We noted the following:

- The Township established the Knowlton Park Fund, a Special Revenue Fund, to account for the tax levy for the Knowlton Park. The Township receipted 2nd Half Real Estate and Manufactured Homes Taxes into the General Fund instead of the Knowlton Park Fund. Subsequently, they paid out these taxes to Knowlton Park from the General Fund. The payment to Knowlton Park should have been paid from the Knowlton Park Fund instead of the General Fund in the amount of \$1,901 in 2018.
- In 2019, the Township purchased a tractor and mower from the Bond Retirement Tractor Fund - Debt Service-Principal Retirement instead of the Gasoline Tax Fund - Capital Outlay in the amount of \$131,814.

The Fiscal Officer adjusted the Township's records and the adjustments are reflected in the accompanying financial statements.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Township Fiscal Officer should utilize available authoritative resources to appropriately classify and record all expenditure transactions. This guidance will help ensure the Fiscal Officer makes proper postings to expenditure account classifications based on the nature of the expenditure.

**FINDING NUMBER 2019-003**

**Noncompliance**

**Ohio Rev. Code § 5705.39** provides in part that total appropriations from each fund shall not exceed the total estimated resources.

Appropriations exceeded estimated resources at December 31, 2019, in the following funds:

**WASHINGTON TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2019-003 (Continued)**

**Noncompliance - Ohio Rev. Code § 5705.39 (Continued)**

Fund	Estimated Resources	Appropriation Authority	Variance
General	\$15,059	\$50,331	(\$35,272)
Motor Vehicle License Tax	4,336	14,146	(9,810)
Gasoline Tax	37,915	122,915	(85,000)
Road and Bridge	46,682	71,645	(24,963)
Road Improvement	17,364	68,084	(50,720)
Knowlton Park	0	11,347	(11,347)
Bond Retirement Backhoe	2,075	7,075	(5,000)
Bond Retirement Truck	0	4,000	(4,000)

This could cause the Township to spend in excess of their estimated resources.

The Fiscal Officer should monitor the Township's estimated revenue and appropriations to ensure that appropriations are within estimated resources.

**FINDING NUMBER 2019-004**

**Noncompliance**

**Ohio Rev. Code § 5705.41(B)** prohibits subdivisions or taxing units from expending money unless it has been appropriated as provided in such chapter.

At December 31, 2019, expenditures exceeded appropriations in the following funds:

Fund	Appropriation Authority	Actual Expenditures	Variance
Gasoline Tax	\$122,915	\$231,756	(\$108,841)
Knowlton Park	11,347	11,386	(39)

At December 31, 2018, expenditures exceeded appropriations in the following fund:

Fund	Appropriation Authority	Actual Expenditures	Variance
Knowlton Park	\$0	\$6,396	(\$6,396)

The practice of allowing expenditures to exceed appropriations could result in negative fund balances for the Township.

**WASHINGTON TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2019-004 (Continued)**

**Noncompliance - Ohio Rev. Code § 5705.41(B) (Continued)**

The Fiscal Officer should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Board of Trustees should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

**FINDING NUMBER 2019-005**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Ohio Township Handbook (revised March 2019) provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Township did not always record receipts and disbursements into accurate classifications, or record all such transactions, based upon the source of the receipt or the nature of the disbursement.

Also, the Township did not always properly classify its December 31, 2019 and 2018 governmental fund cash balances in accordance with Governmental Accounting Standards Board (GASB) *Statement Number 54 - Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010.

We noted the following in 2019 and 2018:

- Two gasoline tax receipts were posted to Miscellaneous Revenue instead of Intergovernmental in the General Bond Retirement Truck Fund in the amount of \$5,170 in 2019.
- Excavation work for a slip repair was posted to General Government instead of Public Works in the Road and Bridge Fund in the amount of \$13,238 in 2018.
- A gasoline tax receipt was posted to Miscellaneous Revenue instead of Intergovernmental in the General Bond Retirement Truck Fund in the amount of \$3,540 in 2018.
- The General Fund amount appropriated over estimated receipts in the next fiscal year and the remaining fund balance was classified as Committed rather than Assigned in the amount of \$25,390 and Unassigned in the amount of \$1,831 in 2019.
- The General Fund amount appropriated over estimated receipts in the next fiscal year was classified as Unassigned rather than Assigned in the amount of \$14,906 in 2018.

**WASHINGTON TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2019-005 (Continued)**

**Material Weakness (Continued)**

- Fund balances with external restrictions were classified as Committed rather than Restricted in the Motor Vehicle License Tax Fund, Gasoline Tax Fund, Miscellaneous Special Revenue Fund, Road Improvement Fund, FEMA Fund, Knowlton Park Fund, Bond Retirement Tractor Fund and Bond Retirement Backhoe Fund in the amounts of \$5,317, \$42,989, \$204, \$38,340, \$7,493, \$1,440, and \$274, respectively, in 2019.
- Fund balances with external restrictions were classified as Committed rather than Restricted in the Motor Vehicle License Tax Fund, Gasoline Tax Fund, Miscellaneous Special Revenue Fund, Road Improvement Fund, FEMA Fund, Knowlton Park Fund and Bond Retirement Backhoe Fund, in the amounts of \$5,122, \$38,685, \$204, \$15,665, \$7,493, \$708 and \$2,075, respectively, in 2018.

The adjustments noted above, with which management agrees, are reflected in the accompanying financial statements.

We also noted the following in 2019 and 2018:

- Roofing materials for the Township garage was posted to General Government instead of Public Works in the Road and Bridge Fund in the amount of \$3,752 in 2019;
- Annual fire department contract was posted to General Government instead of Public Safety in the General Fund in the amount of \$1,200 in 2019;
- Reimbursement for taxes deduction was posted to Miscellaneous Revenue instead of Taxes in the General Fund in the amount of \$938 in 2019; and
- Homestead and Rollback receipts was posted to Taxes instead of Intergovernmental Revenue in the Knowlton Park Fund in the amount of \$714 in 2019.

As these errors are not significant to the opinion units affected in 2019 or 2018, the adjustments noted above were agreed to by management but will not be posted to the financial statements.

The Township did not have a control process in place to help ensure receipts, expenditures, and fund balances are recorded in the correct classification.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Township Fiscal Officer should utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions. This guidance will help ensure the Fiscal Officer makes proper postings to receipt and expenditure account classifications based on the source of the receipt and nature of the expenditure. Also, the Township Fiscal Officer may refer to Auditor of State Bulletin 2011-004 for additional guidance regarding fund balance classifications.

**WASHINGTON TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2019-006**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Trustees to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Trustees are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Fiscal Officer did not properly post budgeted receipts or appropriations, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and appropriation resolutions to the amounts posted to the accounting system throughout the year.

The following tables detail these variances for 2019:

Fund	Amount per Amended Certificate	Amount Posted to the Accounting System	Variance
General	\$0	\$35,272	(\$35,272)
Motor Vehicle License Tax	0	9,810	(9,810)
Gasoline Tax	0	85,000	(85,000)
Road and Bridge	0	24,963	(24,963)
Road Improvement	0	50,720	(50,720)
Knowlton Park	0	13,347	(13,347)
Bond Retirement Backhoe	0	5,000	(5,000)
Bond Retirement Tractor	0	134,500	(134,500)
Bond Retirement Truck	0	4,000	(4,000)

Fund	Amount per Final Appropriation Resolution	Amount Posted to the Accounting System	Variance
Knowlton Park	\$11,347	\$13,347	(\$2,000)
Bond Retirement Tractor	0	134,500	(134,500)

**WASHINGTON TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2019-006 (Continued)**

**Material Weakness (Continued)**

The following tables detail these variances for 2018:

Fund	Amount per Amended Certificate	Amount Posted to the Accounting System	Variance
Gasoline Tax	\$85,000	\$81,460	\$3,540
FEMA	0	7,494	(7,494)
Knowlton Park	0	6,825	(6,825)
Bond Retirement Tractor	0	5,000	(5,000)
Bond Retirement Truck	5,000	3,540	1,460

Fund	Amount per Final Appropriation Resolution	Amount Posted to the Accounting System	Variance
General	\$46,685	\$39,859	\$6,826
Motor Vehicle License Tax	24,572	15,690	8,882
FEMA	0	7,494	(7,494)
Knowlton Park	0	6,825	(6,825)
Bond Retirement Tractor	0	5,106	(5,106)
Bond Retirement Truck	5,000	3,540	1,460

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by the Trustees were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

Because the information entered into the accounting system was inaccurate, Township management was unable to effectively monitor budgetary activity throughout the year. Adjustments were made to the budgetary activity reported in the notes to the financial statements in order to accurately present estimated receipts and appropriations as approved by the Township Trustees.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the accounting system, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Trustees. The Trustees should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the accounting system.

**WASHINGTON TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2019-007**

**Significant Deficiency**

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the Township's staff did not allow for an adequate segregation of duties as the Fiscal Officer performed all accounting functions. Therefore, it is important that the Board of Trustees functions as a finance committee to monitor financial activity closely. There was no documentation in the minutes of the Trustees' consistent approval of checks written, monthly activity of revenues and expenditures by fund, or budget versus actual reports received in Township meetings.

No management oversight could result in the accounting system of the Township not being posted up-to-date and errors and omissions occurring in the Township's accounting system and going unnoticed by management.

Financial information should be presented to the Trustees on a regular basis. This information should include a listing of checks written, monthly revenue and expenditure activity by fund, and budget versus actual reports. The presentation and approval of these reports should be documented in the board minutes of the Township meetings.

**Officials' Response:** We did not receive a response from Officials to the findings reported above.

OHIO AUDITOR OF STATE  
**KEITH FABER**



**WASHINGTON TOWNSHIP**

**MONROE 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  
MAY 21, 2020**