



**WASHINGTON TOWNSHIP
SHELBY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WASHINGTON TOWNSHIP
SHELBY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Washington Township
Shelby County
8680 Fessler-Buxton Road
Piqua, Ohio 45356

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Shelby County, the Township) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

June 4, 2001

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
Cash Receipts:				
Local Taxes	\$9,735	\$76,332		\$86,067
Intergovernmental	33,443	79,298		112,741
Licenses, Permits, and Fees	4,752	3,079		7,831
Earnings on Investments	729	440		1,169
Other Revenue	4,329	7,600		11,929
	<u>52,988</u>	<u>166,749</u>		<u>219,737</u>
Total Cash Receipts				
	<u>52,988</u>	<u>166,749</u>		<u>219,737</u>
Cash Disbursements:				
Current:				
General Government	36,376	24,679		61,055
Public Safety	7,000	229		7,229
Public Works		79,376		79,376
Health	3,824	5,463		9,287
Capital Outlay	2,699	48,823		51,522
Debt Service:				
Redemption of Principal		7,369		7,369
Interest and Fiscal Charges		884		884
	<u>49,899</u>	<u>166,823</u>		<u>216,722</u>
Total Cash Disbursements				
	<u>49,899</u>	<u>166,823</u>		<u>216,722</u>
Total Receipts Over/(Under) Disbursements	3,089	(74)		3,015
Other Financing Receipts/(Disbursements):				
Transfers-In			\$4,000	4,000
Transfers-Out	(4,000)			(4,000)
Other Sources	45			45
	<u>(3,955)</u>		<u>4,000</u>	<u>45</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(3,955)</u>		<u>4,000</u>	<u>45</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(866)	(74)	4,000	3,060
Fund Cash Balances, January 1	15,021	61,367		76,388
	<u>15,021</u>	<u>61,367</u>		<u>76,388</u>
Fund Cash Balances, December 31	<u>\$14,155</u>	<u>\$61,293</u>	<u>\$4,000</u>	<u>\$79,448</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$1,691</u>	<u>\$0</u>	<u>\$1,691</u>

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

WASHINGTON TOWNSHIP
SHELBY COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Non-Expendable Trust</u>
Operating Receipts:	
Interest	\$208
Fund Cash Balances, January 1	<u>5,274</u>
Fund Cash Balances, December 31	<u><u>\$5,482</u></u>

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

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$8,916	\$69,144		\$78,060
Intergovernmental	48,150	78,920	\$87,925	214,995
Licenses, Permits, and Fees	6,546	2,126		8,672
Earnings on Investments	771	451		1,222
Other Revenue	667	2,265		2,932
	<u>65,050</u>	<u>152,906</u>	<u>87,925</u>	<u>305,881</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	33,368	23,254		56,622
Public Safety	7,000	235		7,235
Public Works		76,715		76,715
Health	4,776	3,841		8,617
Capital Outlay	16,990	35,348	87,925	140,263
Debt Service:				
Redemption of Principal		7,369		7,369
Interest and Fiscal Charges		1,326		1,326
	<u>62,134</u>	<u>148,088</u>	<u>87,925</u>	<u>298,147</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	2,916	4,818		7,734
Fund Cash Balances, January 1	12,105	56,549		68,654
Fund Cash Balances, December 31	<u>\$15,021</u>	<u>\$61,367</u>	<u>\$0</u>	<u>\$76,388</u>

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

WASHINGTON TOWNSHIP
SHELBY COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Non-Expendable Trust</u>
Operating Receipts:	
Interest	\$181
Fund Cash Balances, January 1	<u>5,093</u>
Fund Cash Balances, December 31	<u><u>\$5,274</u></u>

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

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Shelby County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance. The Township contracts with the Lockington Volunteer Fire Department and the City of Sidney to provide fire services and the City of Sidney to provide ambulance services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The Township had an interest-bearing checking account and two certificates of deposit during the period.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Motor Vehicle Tax Fund - This fund receives motor vehicle registration tax money for constructing, maintaining and repairing Township roads and bridges.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Beechwood Cemetery Fund - This fund receives money from the sale of plots and the opening and closing of graves to be used for cemetery upkeep.

Fire Tax Levy Fund - This fund receives property tax money to provide fire services for township residents.

Road Maintenance Special Levy - This fund receives property tax money to provide road maintenance to the Township roads.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Public Works Projects - The Township, in conjunction with other Shelby County townships, received a grant from the State of Ohio to repair the Township roads.

Community Development Block Grant - The Township received grant money from the county for the Community Development Block Grant.

4. Fiduciary Funds (Trust Fund)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary funds:

1968 Bequest Cemetery Fund - Non-expendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

VOLA & VI Bequest Fund - Non-expendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. In some instances the Township did not comply with the requirements of Ohio Rev. Code 5705.41(D) and certify that funds were available prior to incurring an obligation.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$80,551	\$77,283
Certificate of Deposit - 1968 Bequest	1,087	1,087
Certificates of deposit - VOLA and VI Bequest	<u>3,292</u>	<u>3,292</u>
Total deposits	<u><u>\$84,930</u></u>	<u><u>\$81,662</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999, follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,462	\$53,033	\$6,571
Special Revenue	164,122	166,749	2,627
Capital Projects	4,000	4,000	0
Fiduciary	196	208	12
Total	<u>\$214,780</u>	<u>\$223,990</u>	<u>\$9,210</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$61,482	\$53,899	\$7,583
Special Revenue	225,488	168,514	56,974
Capital Projects	4,000	0	4,000
Fiduciary	5,470	0	5,470
Total	<u>\$296,440</u>	<u>\$222,413</u>	<u>\$74,027</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,785	\$65,050	\$4,265
Special Revenue	151,143	152,906	1,763
Capital Projects	87,925	87,925	0
Fiduciary	220	181	(39)
Total	<u>\$300,073</u>	<u>\$306,062</u>	<u>\$5,989</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$72,818	\$62,134	\$10,684
Special Revenue	207,690	148,088	59,602
Capital Projects	87,925	87,925	0
Fiduciary	5,298	0	5,298
Total	<u>\$373,731</u>	<u>\$298,147</u>	<u>\$75,584</u>

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

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

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

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

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Maintenance Equipment Bond	\$7,369	6%

The general obligation bonds were issued to finance the purchase of a new dump truck to be used for Township road maintenance.

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

Year ending December 31:	Maintenance Equipment Bond
2001	\$7,810

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July 2000 through December 2000. The Township has paid all contributions required through December 31, 2000.

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township provides health insurance to the Trustees and Clerk.



STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Washington Township
Shelby County
8680 Fessler-Buxton Road
Piqua, Ohio 45356

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Shelby County, (the Township), as of and for the years ended December 31, 2000 and December 3, 1999, and have issued our report thereon dated June 4, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2000-40275-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 4, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 4, 2001.

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

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

Jim Petro
Auditor of State

June 4, 2001

**WASHINGTON TOWNSHIP
SHELBY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-40275-001

Noncompliance Citation

Ohio Revised Code Section 5705.41(D) provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money without attaching thereto the certificate of the fiscal officer of the subdivision that the amount required to meet the same in the fiscal year in which the contract is made has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Contract and orders for expenditures lacking prior certification should be null and void.

This section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that these funds were properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

In 1999 eleven percent of the disbursements tested had invoices dated prior to the purchase order date, and in 2000 twenty three percent of the disbursements tested had invoices dated prior to the purchase order date, and the above exception was not utilized for these transactions. In addition, the failure to certify expenditures prior to the commitment resulted in unrecorded liabilities in the Road and Bridge fund as of December 31, 2000, of \$1,691, which required adjustment to the amounts reported on the annual financial report for 2000. The failure to certify obligations prior to incurring the obligation could result in negative fund balances and/or deficit spending by the Township.

The Township should develop policies to improve compliance with the certification requirement.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WASHINGTON TOWNSHIP

SHELBY 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
JUNE 28, 2001**