



**Auditor of State  
Betty Montgomery**



WASHINGTON TOWNSHIP  
GUERNSEY COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types – For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types – For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings.....	13

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Washington Township  
Guernsey County  
20160 Titus Road  
Freeport, Ohio 43973

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Guernsey County, Ohio (the Township), as of and for the years ended December 21, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Washington Township, Guernsey County, as of December 31, 2002 and 2001, 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 August 7, 2003 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 management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

August 7, 2003

WASHINGTON TOWNSHIP  
GUERNSEY COUNTY

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Nonexpendable Trust	
<b>Cash Receipts:</b>					
Local Taxes	\$ 15,996	\$ 4,626	\$	\$	\$ 20,622
Intergovernmental	5,056	63,700	2,397		71,153
Earnings on Investments	342	322		162	826
Other Revenue	658				658
<b>Total Cash Receipts</b>	<b>22,052</b>	<b>68,648</b>	<b>2,397</b>	<b>162</b>	<b>93,259</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	19,645				19,645
Public Safety		1,800			1,800
Public Works	733	67,802	2,650		71,185
Health	65				65
Capital Outlay	2,075				2,075
<b>Total Cash Disbursements</b>	<b>22,518</b>	<b>69,602</b>	<b>2,650</b>	<b>0</b>	<b>94,770</b>
Total Cash Receipts Over/(Under) Cash Disbursements	(466)	(954)	(253)	162	(1,511)
Fund Cash Balances, January 1	29,051	40,461	899	5,858	76,269
<b>Fund Cash Balances, December 31</b>	<b>\$ 28,585</b>	<b>\$ 39,507</b>	<b>\$ 646</b>	<b>\$ 6,020</b>	<b>\$ 74,758</b>
Reserve for Encumbrances, December 31	\$ 466	\$ 2,804	\$ 0	\$ 0	\$ 3,270

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

WASHINGTON TOWNSHIP  
GUERNSEY COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Nonexpendable Trust	
<b>Cash Receipts:</b>					
Local Taxes	\$ 14,330	\$ 4,256	\$	\$	\$ 18,586
Intergovernmental	18,049	61,122	3,399		82,570
Earnings on Investments	305	365		388	1,058
Other Revenue	719	7		20	746
<b>Total Cash Receipts</b>	<b>33,403</b>	<b>65,750</b>	<b>3,399</b>	<b>408</b>	<b>102,960</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	21,896				21,896
Public Safety		2,000			2,000
Public Works	669	67,808	3,495		71,972
Health	971				971
Capital Outlay	394				394
<b>Total Cash Disbursements</b>	<b>23,930</b>	<b>69,808</b>	<b>3,495</b>	<b>0</b>	<b>97,233</b>
Total Cash Receipts Over/(Under) Cash Disbursements	9,473	(4,058)	(96)	408	5,727
Fund Cash Balances, January 1	19,578	44,519	995	5,450	70,542
<b>Fund Cash Balances, December 31</b>	<b>\$ 29,051</b>	<b>\$ 40,461</b>	<b>\$ 899</b>	<b>\$ 5,858</b>	<b>\$ 76,269</b>
Reserve for Encumbrances, December 31	\$ 0	\$ 2,440	\$ 0	\$ 0	\$ 2,440

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



**WASHINGTON TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Washington Township, Guernsey 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 for road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the Antrim and the Freeport Volunteer Fire Departments to provide for fire protection 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**

Certificates of deposit are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

**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 that are restricted to expenditure for specific purposes (except those financed through capital projects or trust funds). The Township had the following significant Special Revenue Funds:

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

*Motor Vehicle License Tax Fund* - This fund receives motor vehicle license tax for constructing, maintaining, and repairing Township roads.

**WASHINGTON TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Capital Projects 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 trust funds). The Township had the following significant Capital Projects Fund:

*Ohio Public Works Commission Projects Fund* - This fund receives Issue II grant revenue through the Guernsey County Engineer to pay for construction, maintenance and repair of Township roads and bridges.

**4. Fiduciary Funds (Trust Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. The Township had the following Fiduciary Funds:

*Pleasant Hill Cemetery Bequest Fund* - This fund maintains the trust corpus and receives interest income from a certificate of deposit. The income is to be used for maintaining the Pleasant Hill Cemetery.

*Chestnut Hill Cemetery Bequest Fund* - This fund maintains the trust corpus and receives interest income from a certificate of deposit. The income is to be used for maintaining the Chestnut Hill Cemetery.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not encumber all commitments required by Ohio law.

**WASHINGTON TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

A summary of 2002 and 2001 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:

	2002	2001
Demand deposits	\$ 69,127	\$ 70,729
Certificate of deposit	5,631	5,540
Total deposits and investments	\$ 74,758	\$ 76,269

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 18,181	\$ 22,052	\$ 3,871
Special Revenue	62,651	68,648	5,997
Capital Projects	2,396	2,397	1
Nonexpendable Trust	180	162	(18)
Total	\$ 83,408	\$ 93,259	\$ 9,851

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 48,789	\$ 22,984	\$ 25,805
Special Revenue	101,195	72,406	28,789
Capital Projects	3,296	2,650	646
Nonexpendable Trust	498	0	498
Total	\$ 153,778	\$ 98,040	\$ 55,738

**WASHINGTON TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 22,106	\$ 33,403	\$ 11,297
Special Revenue	65,718	65,750	32
Capital Projects	2,500	3,399	899
Nonexpendable Trust	180	408	228
Total	<u>\$ 90,504</u>	<u>\$ 102,960</u>	<u>\$ 12,456</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 41,683	\$ 23,930	\$ 17,753
Special Revenue	110,238	72,248	37,990
Capital Projects	3,495	3,495	0
Nonexpendable Trust	125	0	125
Total	<u>\$ 155,541</u>	<u>\$ 99,673</u>	<u>\$ 55,868</u>

**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. RETIREMENT SYSTEM**

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a 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. For 2002 and 2001, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2002.

**WASHINGTON TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

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

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Township also provides life, cancer, and disability insurance to elected officials through a private carrier.

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

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

Washington Township  
Guernsey County  
20160 Titus Road  
Freeport, Ohio 43973

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 7, 2003.

**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 August 7, 2003.

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

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

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

**Betty Montgomery**  
Auditor of State

August 7, 2003



**WASHINGTON TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**FINDING NUMBER 2002-001**

**Finding for Adjustment**

Ohio Rev. Code Section 505.24 states that the Township Trustees shall be paid from the Township General Fund or from such other Township funds in such proportions as the Board may specify by resolution. The salary resolution must allocate the salary distribution from various funds in the same proportion as the Trustees' service bears to the activities supported by such funds, as determined by the Board.

During our audit, we noted the Trustees were paid a combined total of \$18,168 in 2001 and \$19,245 in 2002. For 2001, 100% of the Trustees' salaries were paid from the Gasoline Tax Fund. For 2002, one month's pay (approximately 8% of the Trustees annual salaries) was paid from the General Fund, while the remainder was paid from the Gasoline Tax Fund. There was no resolution in effect which indicated that Trustees' salaries should be paid from any fund other than the General Fund.

The Trustees adopted a retroactive resolution on July 2, 2003 wherein they believed that at least 92% of their salaries should be paid from the Gasoline Tax Fund and 8% of their salaries should be paid from the General Fund, based upon the estimated level of service provided by the Trustees during the audit period. Based upon these percentages, the Trustees' compensation was properly allocated in 2002. However, a combined total of \$1,557 should have been paid from the General Fund in 2001.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 505.24, a Finding for Adjustment for monies incorrectly expended is hereby issued against the General Fund and in favor of the Gasoline Tax Fund, in the amount of \$1,557 as of December 31, 2002.

These adjustments are reflected in the accompanying financial statements.

**FINDING NUMBER 2002-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing authority shall make any contract or order an expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This Section provides two "exceptions" to the above requirement:

- A. "Then and Now" Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that both at the time that the contract or order was made and at the time that the fiscal officer is completing the certification, a sufficient sum was appropriated and free from any previous encumbrances, the Township Trustees (the taxing authority) may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

**WASHINGTON TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**FINDING NUMBER 2002-002  
(Continued)**

**Noncompliance Citation (Continued)**

**Ohio Rev. Code Section 5705.41 (D) (Continued)**

- B. If the amount involved is less than \$1,000 (which was increased to \$3,000 on April 7, 2003) the fiscal officer may authorize it to be paid without the affirmation of the taxing authority, upon completion of the then and now certificate, provided that the expenditure is otherwise lawful.

In 2001, 36% of the expenditures tested did not have the prior certification of the Clerk. In 2002, 25% of the expenditures tested did not have the prior certification of the Clerk. This could result in the Township spending more than what is available.

We recommend the Township obtain the fiscal officer's certification of the availability of funds prior to the commitment being incurred.



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**WASHINGTON TOWNSHIP**

**GUERNSEY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 30, 2003**