



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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WASHINGTON TOWNSHIP  
HIGHLAND COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2013 and 2012  
Fiscal Years Audited Under GAGAS: 2013 and 2012





# Dave Yost • Auditor of State

Board of Trustees  
Washington Township  
4244 State Route 73  
Hillsboro, Ohio 45133

We have reviewed the *Independent Auditor's Report* of Washington Township, Highland County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Washington Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 14, 2014

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Washington Township  
Highland County  
Table of Contents

| <u>TITLE</u>   | <u>PAGE</u> |
|--|-------------|
| Independent Auditor’s Report .....   | 1           |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes<br>In Fund Cash Balances – All Governmental Fund Types<br>For the Year Ended December 31, 2013..... | 3           |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes<br>In Fund Cash Balances – All Governmental Fund Types<br>For the Year Ended December 31, 2012..... | 4           |
| Notes to the Financial Statements .....  | 5           |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> .....                        | 13          |
| Schedule of Findings .....   | 15          |
| Schedule of Prior Audit Findings.....  | 16          |

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# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## Independent Auditor's Report

Washington Township  
Highland County  
4244 State Route 73  
Hillsboro, Ohio 45133

To the Board of Trustees:

### *Report on the Financial Statements*

We have audited the accompanying financial statements and related notes of Washington Township, Highland County, (the Township) as of and for the years ended December 31, 2013 and 2012.

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

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

### *Auditor's Responsibility*

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

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

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2013 and 2012, or 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 combined cash balances of Washington Township, Highland County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, 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.

*Balestra, Harr & Scherer, CPAs*  
Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
June 20, 2014



**WASHINGTON TOWNSHIP  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

|   | <u>Governmental Fund Types</u> |                            | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>                         |                                |                            |   |
| Property Taxes                                | \$ 10,063                      | \$ 22,834                  | \$ 32,897                               |
| Intergovernmental                             | 474,493                        | 94,631                     | 569,124                                 |
| Earnings on Investments                       | 442                            | 38                         | 480                                     |
| Miscellaneous                                 | 878                            | 283                        | 1,161                                   |
|   | <u>485,876</u>                 | <u>117,786</u>             | <u>603,662</u>                          |
| <b>Total Cash Receipts</b>                    |                                |                            |   |
| <b>Cash Disbursements:</b>                    |                                |                            |   |
| Current:                                      |                                |                            |   |
| General Government                            | 31,925                         | -                          | 31,925                                  |
| Public Safety                                 | -                              | 111,996                    | 111,996                                 |
| Public Works                                  | -                              | 128,322                    | 128,322                                 |
|   | <u>31,925</u>                  | <u>240,318</u>             | <u>272,243</u>                          |
| <b>Total Cash Disbursements</b>               |                                |                            |   |
| Excess of Receipts Over/(Under) Disbursements | 453,951                        | (122,532)                  | 331,419                                 |
| Net Change in Fund Cash Balances              | 453,951                        | (122,532)                  | 331,419                                 |
| Fund Cash Balances, January 1                 | <u>248,600</u>                 | <u>184,345</u>             | <u>432,945</u>                          |
| <b>Fund Cash Balances, December 31</b>        |                                |                            |   |
| Restricted                                    | -                              | 61,813                     | 61,813                                  |
| Unassigned (Deficit)                          | <u>702,551</u>                 | <u>-</u>                   | <u>702,551</u>                          |
| <b>Fund Cash Balances, December 31</b>        | <u>\$ 702,551</u>              | <u>\$ 61,813</u>           | <u>\$ 764,364</u>                       |

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

**WASHINGTON TOWNSHIP  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

|   | <u>Governmental Fund Types</u> |                            | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>                         |                                |                            |   |
| Property Taxes                                | \$ 10,339                      | \$ 44,919                  | \$ 55,258                               |
| Intergovernmental                             | 94,270                         | 107,600                    | 201,870                                 |
| Earnings on Investments                       | 378                            | 35                         | 413                                     |
| Miscellaneous                                 | 1,956                          | 251                        | 2,207                                   |
| Total Cash Receipts                           | <u>106,943</u>                 | <u>152,805</u>             | <u>259,748</u>                          |
| <b>Cash Disbursements:</b>                    |                                |                            |   |
| Current:                                      |                                |                            |   |
| General Government                            | 29,348                         | -                          | 29,348                                  |
| Public Safety                                 | -                              | 23,117                     | 23,117                                  |
| Public Works                                  | -                              | 145,111                    | 145,111                                 |
| Health  | 30,000                         | -                          | 30,000                                  |
| Total Cash Disbursements                      | <u>59,348</u>                  | <u>168,228</u>             | <u>227,576</u>                          |
| Excess of Receipts Over/(Under) Disbursements | 47,595                         | (15,423)                   | 32,172                                  |
| Net Change in Fund Cash Balances              | 47,595                         | (15,423)                   | 32,172                                  |
| Fund Cash Balances, January 1                 | <u>201,005</u>                 | <u>199,768</u>             | <u>400,773</u>                          |
| <b>Fund Cash Balances, December 31</b>        |                                |                            |   |
| Restricted                                    | -                              | 184,345                    | 184,345                                 |
| Unassigned (Deficit)                          | <u>248,600</u>                 | <u>-</u>                   | <u>248,600</u>                          |
| Fund Cash Balances, December 31               | <u>\$ 248,600</u>              | <u>\$ 184,345</u>          | <u>\$ 432,945</u>                       |

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

**WASHINGTON TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Washington Township, Highland 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 and fire protection (until 2012).. The Township contracted with the City of Hillsboro to provide fire services through 2012 and signed an agreement with Paint Creek Fire & EMS to provide services thereafter.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) a risk-sharing pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

**Risk-Sharing Pool**

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) a risk-sharing pool, which is available to Ohio townships. OTARMA provides property and casualty coverage for its members.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Deposits**

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

The Township values Certificates of Deposits at cost.

**WASHINGTON TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

Gasoline Tax Fund – This fund receives gasoline tax money to pay constructing, maintaining, and repairing township roads.

Fire Fund – This fund receives property tax money and grant money to provide fire protection (through the beginning of 2013).

**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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated Resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law. A summary of 2013 and 2012 budgetary activity appears in Note 3.

**WASHINGTON TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**F. 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:

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. 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.

**5. 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.

**G. Property, Plant and Equipment**

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

**WASHINGTON TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. Equity in Pooled Cash**

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

|                         | 2013      | 2012      |
|-------------------------|-----------|-----------|
| Demand deposits         | \$553,020 | \$222,023 |
| Certificates of deposit | 211,344   | 210,922   |
| Total Deposits          | 764,364   | 432,945   |

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

**3. Budgetary Activity**

Budgetary activity for the year ending December 31, 2013 and 2012 as follows:

| 2013 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$ 480,257           | \$ 485,876         | \$ 5,619   |
| Special Revenue                   | 131,290              | 117,786            | (13,504)   |
| Total                             | \$ 611,547           | \$ 603,662         | \$ (7,885) |

| 2013 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| General   | \$ 268,133                 | \$ 31,925                 | \$ 236,208 |
| Special Revenue                                       | 314,993                    | 240,318                   | 74,675     |
| Total   | \$ 583,126                 | \$ 272,243                | \$ 310,883 |

**WASHINGTON TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity (Continued)**

| 2012 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$ 23,070            | \$ 106,943         | \$ 83,873  |
| Special Revenue                   | 243,630              | 152,805            | (90,825)   |
| Total                             | \$ 266,700           | \$ 259,748         | \$ (6,952) |

| 2012 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| General   | \$ 223,121                 | \$ 59,348                 | \$ 163,773 |
| Special Revenue                                       | 442,320                    | 168,228                   | 274,092    |
| Total   | \$ 665,441                 | \$ 227,576                | \$ 437,865 |

**4. Property Tax**

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If property owner elects to pay semiannually, the first half is due December 31. The second half payment is due to 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.

**5. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

**WASHINGTON TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting, claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2012:

|              | <u>2013</u>          | <u>2012</u>          |
|--------------|----------------------|----------------------|
| Assets       | \$ 34,954,286        | \$ 34,771,270        |
| Liabilities  | <u>(8,486,363)</u>   | <u>(9,355,082)</u>   |
| Net Position | <u>\$ 26,467,923</u> | <u>\$ 25,416,188</u> |

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$1,600.



**WASHINGTON TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. Risk Management (Continued)**

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

| <u>Township Contributions to OTARMA</u> |    |       |
|---|----|-------|
| 2013                                    | \$ | 2,937 |
| 2012                                    |    | 2,869 |

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**7. Compliance**

Contrary to the Ohio Revised Code section 5705.36, the township had appropriations in excess of actual resources.

**8. Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on the fund balance for the fund types are presented below for December 31, 2013:

| Fund Balances               | General Fund | Special Revenue<br>Funds | Total Governmental<br>Funds |
|-----------------------------|--------------|--------------------------|-----------------------------|
| <b>Restricted for</b>       |              |                          |                             |
| Road and Bridge Maintenance | -            | 61,813                   | 61,813                      |
| Total Restricted            | -            | 61,813                   | 61,813                      |
| <b>Unassigned (Deficit)</b> | 702,551      | -                        | 702,551                     |
| Total Fund Balances         | \$ 702,551   | \$ 61,813                | \$ 764,364                  |

**WASHINGTON TOWNSHIP  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**8. Fund Balances (Continued)**

The constraints placed on the fund balance for the fund types are presented below for December 31, 2012:

| Fund Balances               | General Fund | Special Revenue<br>Funds | Total Governmental<br>Funds |
|-----------------------------|--------------|--------------------------|-----------------------------|
| <b>Restricted for</b>       |              |                          |                             |
| Road and Bridge Maintenance | -            | 72,349                   | 72,349                      |
| Fire Services               | -            | 111,996                  | 111,996                     |
| Total Restricted            | -            | 184,345                  | 184,345                     |
| <b>Unassigned (Deficit)</b> | 248,600      | -                        | 248,600                     |
| Total Fund Balances         | \$ 248,600   | \$ 184,345               | \$ 432,945                  |



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Washington Township  
Highland County  
4244 State Route 73  
Hillsboro, Ohio 45133

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 Washington Township, Highland County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 20, 2014 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

### *Internal Control Over Financial Reporting*

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

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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

***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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

***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 communication is not suitable for any other purpose.

*Balestra, Harr & Scherer, CPAs*  
Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
June 20, 2014

**WASHINGTON TOWNSHIP  
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**FINDING NUMBER 2013-001**

**Material Non-Compliance/Material Weakness**

Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

Upon comparison of appropriations to available resources (defined as unencumbered beginning balance plus actual receipts), appropriations were in excess of available resources in the Motor Vehicle and Gas Tax, Gasoline Tax, Road and Bridge, and Permissive Motor Vehicle License Tax funds in 2013 by \$2,789, \$4,618, \$4,244, and \$1,210, respectively. Appropriations were in excess of available resources in the Motor Vehicle and Gas Tax, Gasoline Tax, Road and Bridge, and Permissive Motor Vehicle License Tax funds in 2012 by \$10,390, \$64,145, \$2,003, and \$14,894, respectively.

The Township should implement monitoring procedures to ensure compliance with 5705.36(A)(4). Establishment of procedures for monitoring the compliance with this requirement helps to ensure that monies are not expended in excess of allowable limits.

**Client Response:**

The Client did not provide a response for the above finding.

**WASHINGTON TOWNSHIP  
HIGHLAND COUNTY  
DECEMBER 31, 2013 AND 2012**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

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| <b>Finding Number</b> | <b>Finding Summary</b>   | <b>Fully Corrected?</b> | <b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b> |
|-----------------------|--|-------------------------|--|
| 2011-001              | ORC Section 5705.41(D)<br>Prior authorization of expenditures                | No                      | Partially Corrected. Reissued in Management Letter   |
| 2011-002              | Material Weakness<br>Proper posting of transactions                          | No                      | Partially Corrected. Reissued in Management Letter   |
| 2011-003              | ORC Section 5705.36(A)(4)<br>Appropriations in excess of available resources | No                      | Reissued as finding 2013-001   |



# Dave Yost • Auditor of State

**WASHINGTON TOWNSHIP**

**HIGHLAND 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  
AUGUST 26, 2014**