



Dave Yost • Auditor of State

WASHINGTON TOWNSHIP
LUCAS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Washington Township
Lucas County
5714 Blessing Drive
Toledo, Ohio 43612-3912

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Washington Township, Lucas County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013.

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 (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, 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, Lucas County, Ohio as of December 31, 2014 and 2013, 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 September 16, 2015, 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.



Dave Yost
Auditor of State

Columbus, Ohio

September 16, 2015

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$77,188	\$662,651	\$739,839
Licenses, Permits and Fees	23,255	13,118	36,373
Fines and Forfeitures		7,674	7,674
Intergovernmental	51,594	247,142	298,736
Special Assessments	13,669	23,089	36,758
Earnings on Investments	519	33	552
Miscellaneous	10,802	20,750	31,552
<i>Total Cash Receipts</i>	<u>177,027</u>	<u>974,457</u>	<u>1,151,484</u>
Cash Disbursements			
Current:			
General Government	130,350	28,373	158,723
Public Safety	1,332	707,250	708,582
Public Works	1,041	204,809	205,850
Health	4,987		4,987
Conservation-Recreation		55,960	55,960
Capital Outlay		26,831	26,831
Debt Service:			
Principal Retirement		45,230	45,230
Interest and Fiscal Charges		4,613	4,613
<i>Total Cash Disbursements</i>	<u>137,710</u>	<u>1,073,066</u>	<u>1,210,776</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>39,317</u>	<u>(98,609)</u>	<u>(59,292)</u>
Other Financing Receipts (Disbursements)			
Transfers In		35,000	35,000
Transfers Out	(35,000)		(35,000)
Advances In	66,000	66,000	132,000
Advances Out	(66,000)	(66,000)	(132,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(35,000)</u>	<u>35,000</u>	
<i>Net Change in Fund Cash Balances</i>	4,317	(63,609)	(59,292)
<i>Fund Cash Balances, January 1</i>	<u>329,910</u>	<u>587,783</u>	<u>917,693</u>
Fund Cash Balances, December 31			
Restricted		524,174	524,174
Assigned	23,300		23,300
Unassigned	310,927		310,927
<i>Fund Cash Balances, December 31</i>	<u><u>\$334,227</u></u>	<u><u>\$524,174</u></u>	<u><u>\$858,401</u></u>

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

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$78,237	\$668,437	\$746,674
Licenses, Permits and Fees	22,915	12,403	35,318
Fines and Forfeitures		25,804	25,804
Intergovernmental	42,403	279,704	322,107
Special Assessments	5,477	22,463	27,940
Earnings on Investments	98	6	104
Miscellaneous	2,571	33,982	36,553
<i>Total Cash Receipts</i>	<u>151,701</u>	<u>1,042,799</u>	<u>1,194,500</u>
Cash Disbursements			
Current:			
General Government	125,754	24,325	150,079
Public Safety		692,645	692,645
Public Works	990	189,445	190,435
Health	5,679		5,679
Conservation-Recreation		54,821	54,821
Capital Outlay		12,621	12,621
Debt Service:			
Principal Retirement		45,018	45,018
Interest and Fiscal Charges		6,347	6,347
<i>Total Cash Disbursements</i>	<u>132,423</u>	<u>1,025,222</u>	<u>1,157,645</u>
<i>Excess of Receipts Over Disbursements</i>	<u>19,278</u>	<u>17,577</u>	<u>36,855</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	7,989		7,989
Transfers In		26,791	26,791
Transfers Out	(26,791)		(26,791)
Advances In	5,000	5,000	10,000
Advances Out	(5,000)	(5,000)	(10,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(18,802)</u>	<u>26,791</u>	<u>7,989</u>
<i>Net Change in Fund Cash Balances</i>	476	44,368	44,844
<i>Fund Cash Balances, January 1</i>	<u>329,434</u>	<u>543,415</u>	<u>872,849</u>
Fund Cash Balances, December 31			
Restricted		587,783	587,783
Assigned	83,823		83,823
Unassigned	246,087		246,087
<i>Fund Cash Balances, December 31</i>	<u>\$329,910</u>	<u>\$587,783</u>	<u>\$917,693</u>

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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, Lucas County, Ohio (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, police protection, fire protection and emergency medical services.

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 8 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.

B. Accounting Basis

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.

C. Deposits and Investments

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

STAR Ohio funds are recorded at share values the funds report.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. 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:

Police Special Levy Fund - This fund receives property tax and fine money to equip and operate the Police Department.

Fire Special Levy Fund - This fund receives property tax money to equip and operate the Fire Department.

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. 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 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 reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

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.

WASHINGTON TOWNSHIP
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

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

H. Accumulated Leave

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

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2014	2013
Demand deposits	\$580,345	\$277,504
STAR Ohio	278,056	640,189
Total deposits and investments	\$858,401	\$917,693

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

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$170,005	\$177,027	\$7,022
Special Revenue	1,110,820	1,009,457	(101,363)
Total	\$1,280,825	\$1,186,484	(\$94,341)

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$253,828	\$172,710	\$81,118
Special Revenue	1,422,642	1,073,066	349,576
Total	\$1,676,470	\$1,245,776	\$430,694

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$182,000	\$159,690	(\$22,310)
Special Revenue	1,121,502	1,069,590	(51,912)
Total	\$1,303,502	\$1,229,280	(\$74,222)

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$250,508	\$159,942	\$90,566
Special Revenue	1,329,096	1,033,214	295,882
Total	\$1,579,604	\$1,193,156	\$386,448

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 the property owner elects to pay semiannually, 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.

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, 2014 was as follows:

	Principal	Interest Rate
2005 Point Pleasant OPWC Loan	\$34,086	
2006 Fullers Creekside OPWC Loan	12,666	
Shoreland Avenue Commercial Loan	13,473	4.25%
Total	\$46,752	

The 2005 Point Pleasant OPWC loan relates to a road project at Point Pleasant Cove. The OPWC approved \$68,172 interest free to be paid in semiannual installments for 20 years.

The 2006 Fullers Creekside OPWC loan relates to the Fullers Creekside Glen Roads project. The Township received \$202,938 from OPWC, of which \$84,438 was an interest-free loan, payable in semiannual installments for 10 years.

In October 2005, the Township entered into a promissory note agreement with Fifth Third Bank, in the amount of \$150,000, for the purchase of property on Shoreland Avenue, to be used to house the Township's fire department. The promissory note bears interest at a fixed annual rate equal to 4.34%, matures on October 15, 2012, and is payable in monthly installments with a balloon principal payment of \$52,330 at term's end. In 2012, the Township refinanced the Shoreland Avenue Commercial Loan with Fifth Third Bank, in the amount of \$50,212. The promissory note bears interest at a fixed annual rate equal to 4.25%, matures on September 15, 2015, and is payable in monthly installments

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

Year ending December 31:	2005 Point Pleasant OPWC	2006 Fullers Creekside OPWC	Shoreland Avenue Commercial Loan
2015	\$3,408	\$8,444	\$13,698
2016	3,408	4,222	
2017	3,408		
2018	3,408		
2019	3,408		
2020-2024	17,046		
Total	<u>\$34,086</u>	<u>\$12,666</u>	<u>\$13,698</u>

6. Lease-Purchase Agreement

Lease-Purchase outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Side-Mount Pumper Fire Truck	<u>\$53,321</u>	5.40%

The Township entered into a Lease-Purchase agreement for a Side-Mount Pumper fire truck on June 28, 2006. As collateral security for the secured obligations, the Township (lessee) grants to E-One, Inc. (lessor) a first priority security interest in any and all of the equipment.

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

Year ending December 31:	Side-Mount Pumper Fire Truck
2015	<u>\$19,727</u>
2016	19,727
2017	<u>19,726</u>
Total	<u>\$59,180</u>

7. Retirement System

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

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS full-time police members contributed 13 and 12.6%, respectively, of their gross salaries and the Township contributed an amount equaling 18.1% of participants' gross salaries. For 2014 and 2013, other 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, 2014.

8. Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

9. Interfund Transfers

Transfer activity for the years ending December 31, 2014 and 2013 follows:

2014 and 2013 Interfund Transfers		
Fund	Transfers In	Transfers Out
<u>2014:</u>		
Special Levy Fire Fund	\$35,000	
General Fund		\$35,000
 <u>2013:</u>		
Road and Bridge Fund	\$16,302	
Special Levy Police Fund	8,989	
Special Levy Fire Fund	1,000	
Special Levy Park Fund	500	
General Fund		\$26,791

Transfer from the General fund to the Special Levy Fire Fund for 2014 was for advances not repaid to provide cash flow and wages for the Fire Department.

For 2013, Transfers Out from the General Fund to the Special Levy Police Fund were for the sale of police cars posted to the General Fund and for Summerfest costs. Transfers Out from the General Fund to the Special Levy Fire and Park Funds were for Summerfest costs. Transfers Out from the General Fund to the Road and Bridge Fund were for road blight expenses and Summerfest costs.

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

10. Interfund Advances

Advance activity for the years ending December 31, 2014 and 2013 follows:

2014 and 2013 Interfund Advances		
Fund	Advances In	Advances Out
<u>2014:</u>		
Special Levy Fire Fund	\$60,000	
Road and Bridge Fund	6,000	
General Fund		\$66,000
General Fund	\$66,000	
Special Levy Fire Fund		\$60,000
Road and Bridge Fund		6,000
<u>2013:</u>		
Special Levy Fire Fund	\$5,000	
General Fund		\$5,000
General Fund	\$5,000	
Special Levy Fire Fund		\$5,000

For 2014, Advances Out from the General Fund to the Special Levy Fire and Park Funds were for cash flow purposes and wages for the Fire Department. Advances Out from the General Fund to the Road and Bridge Fund were for cash flow purposes.

The advance from the General fund to the Special Levy Fire Fund for 2013 was in anticipation of tax settlement monies for Fire Department expenditures.

For both years, Return of Advances was to repay Advances previously described above.

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Dave Yost • Auditor of State

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

Washington Township
Lucas County
5714 Blessing Drive
Toledo, Ohio 43612-3912

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 Washington Township, Lucas County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated September 16, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

September 16, 2015

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

The Township should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The Fiscal Officer did not always accurately post receipts to the Township's accounting system. Also, the Fiscal Officer did not accurately reflect the assigned fund balances for the General Fund at year ends. The Fiscal Officer was not aware of the sale of capital asset code in UAN and did not fully understand the reporting requirements of GASB 54. Errors such as the following were noted in the financial statements which required material audit adjustments:

- The Sale of Capital Assets receipts from the auction of police cars in the amount of \$7,989 in 2013 were incorrectly posted as Miscellaneous receipts to the General Fund.
- Assigned fund cash balance amounts of \$23,300 and \$83,823 for 2014 and 2013, respectively, for appropriations in excess of estimated receipts for 2015 and 2014 were posted as Unassigned fund cash balance amounts.

As a result, the financial statements did not correctly reflect the financial activity of the Township. The accompanying financial statements and the Township's accounting records have been adjusted to reflect these amounts in the correct accounts.

We recommend the Fiscal Officer post all transactions in accordance with the guidance established by the Ohio Township Handbook Chart of Accounts issued by the Auditor of State. Further, the Township should adopt policies and procedures including a final review of the financial statements by the Fiscal Officer and Board of Trustees to ensure that errors and omissions are detected and corrected.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

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Dave Yost • Auditor of State

WASHINGTON TOWNSHIP

LUCAS 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
OCTOBER 8, 2015**