



Dave Yost • Auditor of State



WASHINGTON TOWNSHIP  
PAULDING COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Washington Township  
Paulding County  
2523 Road 173  
Grover Hill, Ohio 45849

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Washington Township, Paulding 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 permitted 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, Paulding 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 29, 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 29, 2015

**WASHINGTON TOWNSHIP  
PAULDING 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	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$35,575	\$47,999		\$83,574
Licenses, Permits and Fees		5,525		5,525
Intergovernmental	48,078	109,912		157,990
Earnings on Investments	142	21		163
Miscellaneous	791	5,191		5,982
<i>Total Cash Receipts</i>	<u>84,586</u>	<u>168,648</u>		<u>253,234</u>
<b>Cash Disbursements</b>				
Current:				
General Government	36,456	3,644		40,100
Public Safety		14,399		14,399
Public Works	2,106	71,515		73,621
Health		16,277		16,277
Other		431		431
Capital Outlay	42,883	29,816		72,699
Debt Service:				
Principal Retirement	3,766	4,338		8,104
Interest and Fiscal Charges	378	80		458
<i>Total Cash Disbursements</i>	<u>85,589</u>	<u>140,500</u>		<u>226,089</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,003)	28,148		27,145
<b>Other Financing Receipts</b>				
Loan Proceeds	29,600			29,600
<i>Net Change in Fund Cash Balances</i>	28,597	28,148		56,745
<i>Fund Cash Balances, January 1</i>	<u>76,791</u>	<u>161,009</u>	<u>\$3,758</u>	<u>241,558</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		189,157	3,758	192,915
Assigned	20,779			20,779
Unassigned	84,609			84,609
<i>Fund Cash Balances, December 31</i>	<u>\$105,388</u>	<u>\$189,157</u>	<u>\$3,758</u>	<u>\$298,303</u>

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

WASHINGTON TOWNSHIP  
PAULDING COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
<b>Operating Cash Receipts</b>	
Earnings on Investments	<u>\$53</u>
<b>Operating Cash Disbursements</b>	
Other	<u>124</u>
<i>Net Change in Fund Cash Balances</i>	(71)
<i>Fund Cash Balances, January 1</i>	<u>24,243</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$24,172</u></u>

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



**WASHINGTON TOWNSHIP  
PAULDING 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	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$25,761	\$47,719		\$73,480
Licenses, Permits and Fees		6,280		6,280
Intergovernmental	18,118	106,411	\$5,000	129,529
Earnings on Investments	429	18		447
Miscellaneous	1,308	4,796		6,104
<i>Total Cash Receipts</i>	<u>45,616</u>	<u>165,224</u>	<u>5,000</u>	<u>215,840</u>
<b>Cash Disbursements</b>				
Current:				
General Government	36,797	3,516		40,313
Public Safety		14,751		14,751
Public Works	1,919	76,625	9,285	87,829
Health		20,800		20,800
Capital Outlay		79,838		79,838
Debt Service:				
Principal Retirement	1,294	3,883		5,177
Interest and Fiscal Charges	70	209		279
<i>Total Cash Disbursements</i>	<u>40,080</u>	<u>199,622</u>	<u>9,285</u>	<u>248,987</u>
<i>Net Change in Fund Cash Balances</i>	5,536	(34,398)	(4,285)	(33,147)
<i>Fund Cash Balances, January 1</i>	<u>71,255</u>	<u>195,407</u>	<u>8,043</u>	<u>274,705</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		161,009	3,758	164,767
Assigned	28,979			28,979
Unassigned	47,812			47,812
<i>Fund Cash Balances, December 31</i>	<u>\$76,791</u>	<u>\$161,009</u>	<u>\$3,758</u>	<u>\$241,558</u>

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

**WASHINGTON TOWNSHIP  
PAULDING COUNTY**

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

	Fiduciary Fund Type
	Private Purpose Trust
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$65
<i>Net Change in Fund Cash Balances</i>	65
<i>Fund Cash Balances, January 1</i>	24,178
<i>Fund Cash Balances, December 31</i>	\$24,243

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

**WASHINGTON TOWNSHIP  
PAULDING 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, Paulding 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 and cemetery maintenance. The Township contracts with the Villages of Oakwood and Grover Hill to provide fire protection and emergency medical services and the Ottoville Community Fire Company to provide fire protection services.

The Township participates in the Ohio Plan Risk Management Inc., a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**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 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 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.

The Township values certificates of deposits at cost.

**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  
PAULDING 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 Fund:

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

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

Public Improvement Culvert Fund – This fund receives a grant from the county to pay for maintaining culverts.

**4. Fiduciary Funds**

Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds account for programs that maintain cemetery gravesites. The Township had the following significant Fiduciary Funds:

Mericle Private Purpose Trust Fund – This fund was established as a trust fund for the maintenance and upkeep of the mausoleum on the behalf of Calvin C. Mericle.

Phillips Private Purpose Trust Fund – This fund was established as a trust fund for the maintenance and upkeep of the graves of George Phillips, Lloyd Phillips, and Georgeanna Phillips.

**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.

**WASHINGTON TOWNSHIP  
PAULDING COUNTY**

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

**2. Estimated Resources**

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

**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.

**WASHINGTON TOWNSHIP  
PAULDING COUNTY**

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

**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.

**2. Equity in Pooled Deposits**

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

	<u>2014</u>	<u>2013</u>
Demand deposits	\$231,978	\$175,323
Certificates of deposit	90,497	90,478
Total deposits	<u>\$322,475</u>	<u>\$265,801</u>

**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 years ending December 31, 2014 and 2013 follows:

**WASHINGTON TOWNSHIP  
PAULDING COUNTY**

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

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,600	\$114,186	\$40,586
Special Revenue	174,750	168,648	(6,102)
Capital Projects	5,000		(5,000)
Trust	210	53	(157)
Total	<u>\$253,560</u>	<u>\$282,887</u>	<u>\$29,327</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$102,579	\$85,644	\$16,935
Special Revenue	241,230	140,890	100,340
Capital Projects	8,750		8,750
Trust	2,530	166	2,364
Total	<u>\$355,089</u>	<u>\$226,700</u>	<u>\$128,389</u>

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,000	\$45,616	\$2,616
Special Revenue	176,600	165,224	(11,376)
Capital Projects	5,000	5,000	
Fiduciary	210	65	(145)
Total	<u>\$224,810</u>	<u>\$215,905</u>	<u>(\$8,905)</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,297	\$40,080	\$23,217
Special Revenue	272,397	199,622	72,775
Capital Projects	13,000	9,285	3,715
Fiduciary	2,530		2,530
Total	<u>\$351,224</u>	<u>\$248,987</u>	<u>\$102,237</u>

**WASHINGTON TOWNSHIP  
PAULDING COUNTY**

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

**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
Bank Loan - Dump Truck	\$27,461	2.9%

The Township obtained a bank loan in 2014 to finance the purchase of a new dump truck for Township road maintenance. The Township is repaying the loan in monthly payments of \$534, including interest, over five years. The loan is secured by the vehicle financed with the loan proceeds.

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

	Bank Loan - Dump Truck
Year ending December 31:	
2015	\$6,406
2016	6,405
2017	6,406
2018	6,405
2019	3,737
Total	\$29,359

**6. Retirement System**

The Township's elected officials and 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  
PAULDING 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 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.

**7. 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.

	<b>2013</b>	<b>2014</b>
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>

**WASHINGTON TOWNSHIP  
PAULDING COUNTY**

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

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



# 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  
Paulding County  
2523 Road 173  
Grover Hill, Ohio 45849

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, Paulding 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 29, 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 style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 29, 2015

**WASHINGTON TOWNSHIP  
PAULDING COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Material Weakness**

Accurate financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is fairly stated. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 requires fund balance be divided into one of five classifications (nonspendable, restricted, committed, assigned, and unassigned) based on the extent to which constraints are imposed upon the resources in the governmental funds.

The Fiscal Officer is responsible for the majority of the functions related to the accounting records. Without proper separation of duties, there is a possibility errors or fraud could occur and not be detected in a timely period.

The Township lacked a policy regarding financial review which contributed to material posting discrepancies, such as the following, occurring without detection:

- In 2013, \$5,000 in grant funding received from Paulding County was incorrectly posted as other financing sources instead of as intergovernmental revenue in the Capital Projects Permanent Improvement Culverts Fund.
- In 2014, loan proceeds totaling \$29,600 for the purchase of a dump truck were reported as miscellaneous revenue instead of reporting loan proceeds as a separate line item on the financial statements in the General Fund.
- As of December 31, 2014 and 2013, the Capital Projects Permanent Improvement Culverts Fund balance in the amount of \$3,758 was improperly classified as committed fund balance instead of restricted fund balance.
- As of December 31, 2014 and 2013, unassigned fund balance was overstated and assigned fund balance was understated in the General Fund by \$20,779 and \$28,979, respectively.

As a result, the Township's financial statements did not correctly reflect the financial activity of the Township. The Township's financial statements have been adjusted to correct these errors.

We recommend that the Fiscal Officer post all transactions in accordance with the guidance established by the Uniform Accounting Network manual and GASB Statement No. 54. Furthermore, the Township should adopt policies and procedures including a final review of the financial statements by the Fiscal Officer and Trustees to help ensure that errors and omissions are detected and corrected.

**Officials' Response:**

We did not receive a response from Officials to this finding.



# Dave Yost • Auditor of State

**WASHINGTON TOWNSHIP**

**PAULDING 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 13, 2015**