



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WASHINGTON TOWNSHIP
HOCKING COUNTY

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**STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Washington Township
Hocking County
22020 Hoskins Road
Logan, Ohio 43138

To the Board of Trustees:

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

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

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

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

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

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

Jim Petro
Auditor of State

April 4, 2001

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**WASHINGTON TOWNSHIP
HOCKING COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$ 23,120	\$33,969	\$7,960	\$ 65,049
Intergovernmental	33,789	72,909		106,698
Interest	1,458	2,916		4,374
Other Revenue		1,948		1,948
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	58,367	111,742	7,960	178,069
Cash Disbursements:				
Current:				
General Government	40,723			40,723
Public Safety		19,009		19,009
Public Works		61,664		61,664
Health	1,979			1,979
Capital Outlay	18	9,758		9,776
Bond Principal Payment			7,400	7,400
Interest			560	560
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	42,720	90,431	7,960	141,111
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	15,647	21,311	0	36,958
Other Financing Receipts/(Disbursements):				
Other Sources	788	0	0	788
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	788	0	0	788
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	16,435	21,311	0	37,746
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	16,458	78,193	0	94,651
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 32,893	\$ 99,504	\$0	\$ 132,397

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

WASHINGTON TOWNSHIP
HOCKING COUNTY

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$ 17,703	\$34,487	\$869	\$ 53,059
Intergovernmental	21,338	64,562		85,900
Interest	970	1,940		2,910
Other Revenue	175	1,439	7	1,621
	<u>40,187</u>	<u>102,428</u>	<u>876</u>	<u>143,491</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	41,393			41,393
Public Safety		13,913		13,913
Public Works	1,547	58,466		60,013
Capital Outlay	36	7,126		7,162
Note Principal Payment			3,694	3,694
Interest and Fiscal Charges			871	871
	<u>42,976</u>	<u>79,505</u>	<u>4,565</u>	<u>127,046</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(2,789)</u>	<u>22,923</u>	<u>(3,689)</u>	<u>16,445</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			3,689	3,689
Transfers-Out		(3,689)		(3,689)
	<u>0</u>	<u>(3,689)</u>	<u>3,689</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(2,789)</u>	<u>19,234</u>	<u>0</u>	<u>16,445</u>
Fund Cash Balances, January 1	<u>19,247</u>	<u>58,959</u>	<u>0</u>	<u>78,206</u>
Fund Cash Balances, December 31	<u>\$ 16,458</u>	<u>\$ 78,193</u>	<u>\$0</u>	<u>\$ 94,651</u>

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

**WASHINGTON TOWNSHIP
HOCKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township, Hocking County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publicly-elected Township Clerk. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection.

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

B. Basis of Accounting

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

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

C. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

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

**WASHINGTON TOWNSHIP
HOCKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire District Fund - This fund receives property tax money to provide fire protection to the Township.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Note Retirement- This fund receives property tax money to pay off the loan for a truck purchased.

D. 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 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. The Township did not use the encumbrance method of accounting.

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

E. Property, Plant and Equipment

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

**WASHINGTON TOWNSHIP
HOCKING COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	<u>\$ 132,397</u>	<u>\$ 94,651</u>

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 52,686	\$ 59,155	\$ 6,469
Special Revenue	115,400	111,742	(3,658)
Debt Service	7,960	7,960	0
Total	<u>\$ 176,046</u>	<u>\$ 178,857</u>	<u>\$ 2,811</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 69,154	\$ 42,720	\$ 26,434
Special Revenue	189,035	90,431	98,604
Debt Service	7,960	7,960	0
Total	<u>\$ 266,149</u>	<u>\$ 141,111</u>	<u>\$ 125,038</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 47,727	\$ 40,187	\$ (7,540)
Special Revenue	108,600	102,428	(6,172)
Debt Service	3,689	4,565	876
Total	<u>\$ 160,016</u>	<u>\$ 147,180</u>	<u>\$ (12,836)</u>

**WASHINGTON TOWNSHIP
HOCKING COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 66,974	\$ 42,976	\$ 23,998
Special Revenue	166,870	83,194	83,676
Debt Service	3,689	4,565	(876)
Total	\$ 237,533	\$ 130,735	\$ 106,798

Actual expenditures exceeded appropriations in the debt service fund for 1999, contrary to Ohio Revised Code.

4. PROPERTY TAX

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

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

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

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

5. DEBT

In 2000, the Township retired debt issued in 1997 for the purpose of purchasing a fire truck. The note was due to be paid off in the year 2002, but the Township paid it off early. There was no debt principal outstanding at December 31, 2000.

6. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**WASHINGTON TOWNSHIP
HOCKING COUNTY**

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

6. RETIREMENT SYSTEM (Continued)

The Fire Chief has elected to pay into Social Security. The employer and employee contributions to Social Security were equal to 6.2% of gross salary. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Commercial property and general liability
- Vehicles
- Commercial Inland Marine

The Township also provides health insurance coverage to the Township Clerk and Board of Trustees through a private carrier

8. LEASE OF EQUIPMENT

The Township entered into a Lease Agreement in 1997 to rent a grader. The Township agreed to make monthly rental payments of \$500 beginning in November 1997 and continuing until October 2002. Upon conclusion of the rental period, the lease agreement requires the Township to purchase the grader for \$1.

	<u>Payment</u>
Equipment Rental - 2001	\$6,000
Equipment Rental - 2002	5,000
Purchase price - 2002	<u>1</u>
Total	<u><u>\$11,001</u></u>

9. RELATED PARTY TRANSACTION

A Board of Trustee's mother is the owner of a company from which the Township had a service contract during the audit period. The same Board of Trustee is also an employee of that company. The Township paid the company \$8,064 in 2000 and \$2,893 in 1999 to furnish and operate a backhoe and bulldozer and to furnish and operate a truck to haul materials, as needed by the Township. This company has been utilized by the Township since prior to the Board of Trustee taking office in 1982.

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

Washington Township
Hocking County
22020 Hoskins Road
Logan, Ohio 43138

To the Board of Trustees:

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

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-40737-001 and 2000-40737-002.

Internal Control Over Financial Reporting

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

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

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

Jim Petro
Auditor of State

April 4, 2001

**WASHINGTON TOWNSHIP
HOCKING COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-40737-001

Noncompliance Citation

Ohio Revised Code Section 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract had been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriated fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Township incurred all expenditures without certification of the Township Clerk that the amount required for the order or contract had been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriated fund free from any previous encumbrances. The Township did not use purchase orders or Then and Now Certificates and therefore, did not follow the encumbrance method of accounting. The Township Clerk monitors fund balances and initiates the majority of the commitments for the Township, as directed by the Township Trustees. However, not certifying the availability of and encumbering funds could lead to obligations being entered into when there is not sufficient funds available to cover the commitment.

We recommend the Township certify the availability of funds prior to ordering goods or services and encumber the corresponding commitments when the certification is made.

FINDING NUMBER 2000-40737-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 1999, actual expenditures exceeded appropriations at the fund level by the amount of \$876 in the Bond Retirement Fund.

We recommend the Board of Trustees approve supplemental appropriations in the minutes to alleviate expenditures exceeding appropriations.

**WASHINGTON TOWNSHIP
HOCKING COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-40737-001	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for not utilizing the encumbrance method of accounting and for failing to obtain prior certification of available funds.	No	Not Corrected: This issue is repeated in the current Schedule of Findings as item 2000-40737-001.



STATE OF OHIO
OFFICE OF THE AUDITOR

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WASHINGTON TOWNSHIP

HOCKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 12, 2001**