



Dave Yost • Auditor of State

WASHINGTON TOWNSHIP
LUCAS COUNTY

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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 of the cash balances, receipts and disbursements by fund type, and related notes of Washington Township, Lucas County, Ohio (the Township) as of and for the years ended December 31, 2016 and 2015.

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 such 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 opinions.

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

As described in Note 2 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, 2016 and 2015, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of Washington Township, Lucas County, Ohio as of December 31, 2016 and 2015, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017, 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

December 21, 2017

Washington Township
Lucas County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$74,993	\$825,909	\$900,902
Licenses, Permits and Fees	37,622	6,885	44,507
Fines and Forfeitures		24,119	24,119
Intergovernmental	41,876	187,746	229,622
Special Assessments	1,582	23,344	24,926
Earnings on Investments	993	64	1,057
Miscellaneous	7,960	21,242	29,202
<i>Total Cash Receipts</i>	<u>165,026</u>	<u>1,089,309</u>	<u>1,254,335</u>
Cash Disbursements			
Current:			
General Government	145,027	21,964	166,991
Public Safety	636	870,749	871,385
Public Works	4,855	176,435	181,290
Health	4,269		4,269
Conservation-Recreation		73,395	73,395
Capital Outlay		16,337	16,337
Debt Service:			
Principal Retirement		61,329	61,329
Interest and Fiscal Charges		10,875	10,875
<i>Total Cash Disbursements</i>	<u>154,787</u>	<u>1,231,084</u>	<u>1,385,871</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,239</u>	<u>(141,775)</u>	<u>(131,536)</u>
Other Financing Receipts (Disbursements)			
Transfers In		12,600	12,600
Transfers Out	(12,600)		(12,600)
Advances In	123,200	123,200	246,400
Advances Out	(123,200)	(123,200)	(246,400)
Other Financing Sources	36	56,940	56,976
Other Financing Uses	(966)		(966)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(13,530)</u>	<u>69,540</u>	<u>56,010</u>
<i>Net Change in Fund Cash Balances</i>	(3,291)	(72,235)	(75,526)
<i>Fund Cash Balances, January 1</i>	<u>259,974</u>	<u>440,248</u>	<u>700,222</u>
Fund Cash Balances, December 31			
Restricted		368,013	368,013
Assigned	63,400		63,400
Unassigned	193,283		193,283
<i>Fund Cash Balances, December 31</i>	<u>\$256,683</u>	<u>\$368,013</u>	<u>\$624,696</u>

See accompanying notes to the basic financial statements

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Washington Township, Lucas 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, police protection, fire protection and emergency medical services.

Public Entity Risk Pools

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 6 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

Special Levy Police Fund The special levy police fund accounts for property tax money restricted for police protection.

Special Levy Fire Fund The special levy fire fund accounts for property tax money restricted for fire protection.

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Basis of Accounting

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.

Budgetary Process

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

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. Appropriations lapse at year-end

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

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.

A summary of 2016 budgetary activity appears in Note 3.

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

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.

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:

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

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.

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.

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.

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.

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$170,570	\$165,062	(\$5,508)
Special Revenue	1,181,353	1,158,849	(22,504)
Total	\$1,351,923	\$1,323,911	(\$28,012)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$210,200	\$168,353	\$41,847
Special Revenue	1,472,750	1,231,084	241,666
Total	\$1,682,950	\$1,399,437	\$283,513

Note 4 - 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:

	2016
Demand deposits	\$345,023
STAR Ohio	279,673
Total deposits and investments	\$624,696

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.

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 5 - Property Taxes

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.

Note 6 - Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Until November 1, 2016, the OPRM retained 47% 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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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.

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	2016
Assets	\$14,765,712
Liabilities	(9,531,506)
Members' Equity	\$ 5,234,206

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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.

The Ohio Revised Code also prescribes contribution rates. OPERS full-time police members contributed 13% of their gross salaries and the Township contributed an amount equaling 18.1% of participants' gross salaries. 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, 2016.

Social Security

Several of the Township's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 9 - Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
2005 Point Pleasant OPWC Loan	\$28,974	0%

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

Lease-Purchase Agreements

Lease-Purchases outstanding at December 31, 2016 were as follows:

	Principal	Interest Rate
Side-Mount Pumper Fire Truck	\$18,716	5.4%
2 2015 Ford 750 Trucks	126,006	5.5%
Total	\$144,722	

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.

The Township entered into a Lease-Purchase agreement for two 2015 Ford 750 Trucks on January 9, 2015. As collateral security for the secured obligation, the Township (lessee) grants Ford Motor Credit Company (lessor) a first priority security interest in any and all of the equipment.

Amortization

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

	Side-Mount Pumper Fire Truck	2 2015 Ford 750 Trucks	2005 Point Pleasant OPWC
Year ending December 31:			
2017	\$19,726	\$46,136	\$3,408
2018		46,136	3,408
2019		46,136	3,408
2020			3,408
2021			3,408
2022-2025			11,934
Total	\$19,726	\$138,408	\$28,974

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 10 – Interfund Transfers

Transfer activity for the year ending December 31, 2016 follows:

2016 Interfund Transfers		
Fund	Transfers In	Transfers Out
Special Levy Fire Fund	\$6,000	
Gas Tax Fund	2,600	
Special Revenue Lighting Fund	2,500	
Special Levy Police Fund	1,000	
Special Levy Park Fund	500	
General Fund		\$12,600

Transfer from the General Fund to the Special Levy Fire Fund was to provide cash flow and wages for the Fire Department and Summerfest costs. Transfers Out from the General Fund to the Special Levy Police and Special Levy Park Funds were for Summerfest costs. Transfers Out from the General Fund to the Gas Tax Fund were for road blight expenses. Transfer from the General fund to the Special Revenue Lighting Fund was for advances not repaid to provide cash flow.

Note 11 – Interfund Advances

Advance activity for the years ending December 31, 2016 follows:

2016 Interfund Advances		
Fund	Advances In	Advances Out
Road and Bridge Fund	\$59,000	
Special Levy Fire Fund	30,000	
Permissive Motor Vehicle License Tax Fund	19,000	
Special Revenue Lighting Fund	15,200	
General Fund		\$123,200
General Fund	\$123,200	
Road and Bridge Fund		\$59,000
Special Levy Fire Fund		30,000
Permissive Motor Vehicle License Tax Fund		19,000
Special Revenue Lighting Fund		15,200

Advances Out from the General Fund to the Funds listed above was for cash flow purposes. Return of Advances was to repay Advances previously described above.

Washington Township

Lucas County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$80,626	\$820,598	\$901,224
Licenses, Permits and Fees	31,094	19,619	50,713
Fines and Forfeitures		25,986	25,986
Intergovernmental	42,364	116,555	158,919
Special Assessments	1,041	23,904	24,945
Earnings on Investments	527	34	561
Miscellaneous	8,238	12,420	20,658
<i>Total Cash Receipts</i>	<u>163,890</u>	<u>1,019,116</u>	<u>1,183,006</u>
Cash Disbursements			
Current:			
General Government	140,776	26,982	167,758
Public Safety	4,551	757,763	762,314
Public Works	9,008	175,604	184,612
Health	4,269		4,269
Conservation-Recreation		73,357	73,357
Capital Outlay	65,303	216,390	281,693
Debt Service:			
Principal Retirement		81,090	81,090
Interest and Fiscal Charges		8,081	8,081
<i>Total Cash Disbursements</i>	<u>223,907</u>	<u>1,339,267</u>	<u>1,563,174</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(60,017)</u>	<u>(320,151)</u>	<u>(380,168)</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds		205,425	205,425
Sale of Capital Assets		13,100	13,100
Transfers In		14,000	14,000
Transfers Out	(14,000)		(14,000)
Advances In	97,000	97,000	194,000
Advances Out	(97,000)	(97,000)	(194,000)
Other Financing Sources	421	3,700	4,121
Other Financing Uses	(657)		(657)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(14,236)</u>	<u>236,225</u>	<u>221,989</u>
<i>Net Change in Fund Cash Balances</i>	<u>(74,253)</u>	<u>(83,926)</u>	<u>(158,179)</u>
<i>Fund Cash Balances, January 1</i>	<u>334,227</u>	<u>524,174</u>	<u>858,401</u>
Fund Cash Balances, December 31			
Restricted		440,248	440,248
Assigned	40,000		40,000
Unassigned	219,974		219,974
<i>Fund Cash Balances, December 31</i>	<u>\$259,974</u>	<u>\$440,248</u>	<u>\$700,222</u>

See accompanying notes to the basic financial statements

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 – Reporting Entity

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Public Entity Risk Pools

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 6 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

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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:

Road and Bridge Fund The road and bridge fund accounts for property tax money restricted for road and bridge maintenance.

Special Levy Police Fund The special levy police fund accounts for property tax money restricted for police protection.

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Basis of Accounting

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.

Budgetary Process

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

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. Appropriations lapse at year-end

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

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.

A summary of 2015 budgetary activity appears in Note 3.

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

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.

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:

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

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.

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.

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.

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.

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$205,000	\$164,311	(\$40,689)
Special Revenue	1,186,649	1,255,341	68,692
Total	\$1,391,649	\$1,419,652	\$28,003

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$286,113	\$238,564	\$47,549
Special Revenue	1,448,050	1,339,267	108,783
Total	\$1,734,163	\$1,577,831	\$156,332

Note 4 - 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:

	2015
Demand deposits	\$421,605
STAR Ohio	278,617
Total deposits and investments	\$700,222

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.

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 5 - Property Taxes

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.

Note 6 - 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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 members as of December 31, 2015.

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.

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015.

	2015
Assets	\$14,643,667
Liabilities	(9,112,030)
Members' Equity	\$ 5,531,637

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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.

The Ohio Revised Code also prescribes contribution rates. OPERS full-time police members contributed 13% of their gross salaries and the Township contributed an amount equaling 18.1% of participants' gross salaries. 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, 2016.

Social Security

Several of the Township's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 9 - Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
2005 Point Pleasant OPWC Loan	\$30,678	0%
2006 Fullers Creekside OPWC Loan	4,222	0%
Total	\$34,900	

The 2005 Point Pleasant OPWC loan relates to a road project at Point Pleasant Cove. The OPWC approved a \$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.

Lease-Purchase Agreements

Lease-Purchases outstanding at December 31, 2015 were as follows:

	Principal	Interest Rate
Side-Mount Pumper Fire Truck	\$36,473	5.4%
2 2015 Ford 750 Trucks	163,652	5.5%
Total	\$200,125	

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.

The Township entered into a Lease-Purchase agreement for two 2015 Ford 750 Trucks on January 9, 2015. As collateral security for the secured obligation, the Township (lessee) grants Ford Motor Credit Company (lessor) a first priority security interest in any and all of the equipment.

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Amortization

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

Year ending December 31:	Side-Mount	2015 Ford 750	2006 Fullers	2005 Point
	Pumper Fire Truck	Trucks	Creekside OPWC	Pleasant OPWC
2016	\$19,727	\$46,136	\$4,222	\$1,704
2017	19,726	46,136		3,408
2018		46,136		3,408
2019		46,136		3,408
2020				3,408
2021-2025				15,342
Total	<u>\$39,453</u>	<u>\$184,544</u>	<u>\$4,222</u>	<u>\$30,678</u>

Note 10 – Interfund Transfers

Transfer activity for the year ending December 31, 2015 follows:

Fund	2015 Interfund Transfers	
	Transfers In	Transfers Out
Road and Bridge Fund	\$14,000	
General Fund		\$14,000

Transfer from the General Fund to the Special Levy Fire Fund was to provide cash flow and wages for the Fire Department and Summerfest costs. Transfers Out from the General Fund to the Special Levy Police and Special Levy Park Funds were for Summerfest costs. Transfers Out from the General Fund to the Gas Tax Fund were for road blight expenses. Transfer from the General fund to the Special Revenue Lighting Fund was for advances not repaid to provide cash flow.

Washington Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 11 – Interfund Advances

Advance activity for the years ending December 31, 2015 follows:

2015 Interfund Advances		
Fund	Advances In	Advances Out
Road and Bridge Fund	\$51,000	
Special Levy Fire Fund	22,000	
Permissive Motor Vehicle License Tax Fund	19,000	
Special Revenue Lighting Fund	5,000	
General Fund		\$97,000
General Fund	\$97,000	
Road and Bridge Fund		\$51,000
Special Levy Fire Fund		22,000
Permissive Motor Vehicle License Tax Fund		19,000
Special Revenue Lighting Fund		5,000

Advances Out from the General Fund to the Funds listed above was for cash flow purposes. 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 cash balances, receipts, and disbursements by fund type of Washington Township, Lucas County, Ohio (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated December 21, 2017 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 opinions 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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 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

December 21, 2017

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Material Weakness - Financial Reporting

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Township's activity. The Township should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements. The Fiscal Officer did not always accurately post receipts and disbursements to the Township's accounting system.

These errors were a result of inadequate policies and procedures in reviewing the financial statements. Not posting financial information accurately to the ledgers resulted in audit adjustments to the financial statements such as the following:

- In 2015 Property tax receipts in the amounts of \$2,318 in the General Fund; \$9,850 in the Special Levy Police Fund; \$30,245 in the Special Levy Fire Fund; and \$4,666 in the Special Levy Park Fund were incorrectly classified as Intergovernmental receipts.
- In 2016 Property tax receipts in the amounts of \$1,960 in the General Fund; \$9,032 in the Special Levy Police Fund; and \$3,194 in the Special Levy Fire Fund were incorrectly classified as Intergovernmental receipts.
- Principal Retirement payments in the amount of \$11,850 from the Permissive Motor Vehicle License Tax Fund and \$29,923, along with interest and Finance Charges of \$4,997 from the Road and Bridge Fund in 2015 for the Ford F750 truck lease-purchases were misclassified as Capital Outlay and Public Works disbursements respectively.
- Principal Retirement payments in the amounts of \$37,646 in 2016 for Ford F750 truck lease-purchases from the Road and Bridge Fund were misclassified as Public Works disbursements.
- Assigned fund cash balance amounts of \$63,400 and \$40,000 for 2016 and 2015, respectively, for appropriations in excess of estimated receipts for 2017 and 2016 were posted as unassigned fund cash balance amounts in the General Fund.
- In 2015, the Township entered into a \$205,425 lease-purchase for two 2015 Ford F750 trucks with Snow/Ice Equipment from the Ford Motor Credit Company which was not recorded, resulting in an adjustment to record the initial lease-purchase as other debt proceeds, and the related disbursement as capital outlay and the budgetary activity.

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 funds and 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. The Fiscal Officer should also review AOS Bulletin 2011-004 for guidance on GASB 54, and the Township should adopt policies and procedures including a final review of the financial statements by the Fiscal Officer and Board of 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.

**WASHINGTON TOWNSHIP
LUCAS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Material weakness due to adjustments made to the financial statements.	Not corrected and repeated in this report as Finding 2016-001.	Recurrence of these errors was due to lack of understanding of the types of monies received / disbursed and proper classification per the uniform system of accounting. Fiscal Officer is implementing procedures to correct these errors for the future. .

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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
JANUARY 4, 2018