

***WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 1998 & 1999

Charles E. Harris and Associates, Inc.
Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Washington Township
Port Washington, Ohio

We have reviewed the Independent Auditor's Report of Washington Township, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

October 25, 2000

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Audit Report
For the Years Ended December 31, 1998 & 1999**

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**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Audit Report
For the Years Ended December 31, 1998 & 1999**

<u>ELECTED OFFICIALS</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>SURETY PERIOD</u>
Tommy Robert Bourne	Chairman 1998 Vice Chairman 1999	1/1/98 to 12/31/01	(A)	1/1/98 - 12/31/01
Tim Kendle	Vice Chairman Chairman 1999	1/1/98 to 12/31/01	(A)	1/1/98 - 12/31/01
Loren R. Berger	Executive Chairman 1998 & 1999	1/1/96 to 12/31/99	(A)	1/1/98 - 12/31/99
Karla Jean Bierbower	Clerk	4/1/96 to 3/31/00	(B)	4/1/96 - 3/31/00

Statutory Legal Council

Amanda Spies Bornhorst, Prosecuting Attorney
Tuscarawas County Courthouse
New Philadelphia, Ohio 44663

Township Address

16014 Gilmore Road SE
Port Washington, Ohio 44663

- (A) The Personal Service Insurance Company in the amount of \$1,000.
- (B) The Personal Service Insurance Company in the amount of \$3,000.

REPORT OF INDEPENDENT ACCOUNTANTS

**Board of Trustees
Washington Township
Port Washington, Ohio**

We have audited the accompanying financial statements of Washington Township, Tuscarawas County, (the Township) as of and for the years ended December 31, 1998 and 1999, as listed in the table of contents. 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 a prescribed basis of accounts 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 present fairly, in all material respects, the combined cash, investments, and fund cash balances of Washington Township, Tuscarawas County, as of December 31, 1998 and 1999, its combined receipts, disbursements, and changes in fund cash balances; its combined statement of receipts - budget and actual, and its combined statement of disbursements and encumbrances compared with expenditure authority for the years then ended on the basis of accounting referred to above.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 20, 2000 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.

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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
September 20, 2000

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND CASH
BALANCES - ALL FUND TYPES
For the Years Ended December 31, 1998 and 1999

	<u>1998</u> <u>Balances</u>	<u>1999</u> <u>Balances</u>
Cash and Cash Equivalents	\$ <u>49,191</u>	\$ <u>22,249</u>

Cash Balances By Fund Class

Governmental Fund Types:

General Fund	\$ 31,187	\$ 8,169
Special Revenue Funds	7,498	10,858
Capital Project Funds	7,648	364

Fiduciary Fund Types:

Agency Fund	<u>2,858</u>	<u>2,858</u>
Totals	\$ <u>49,191</u>	\$ <u>22,249</u>

See accompanying Notes to the Financial Statements.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total - (Memorandum Only)</u>
Receipts				
Taxes	\$ 39,463	\$ 8,533	-	\$ 47,996
Intergovernmental	48,823	58,135	-	106,958
Interest	1,040	148	-	1,188
Other	882	-	-	882
Total Receipts	90,208	66,816	-	157,024
Disbursements:				
General Government	56,670	-	-	56,670
Public Safety	5,087	-	-	5,087
Public Works	5,868	62,591	-	68,459
Health	2,846	-	-	2,846
Capital Outlay	34,755	5,525	\$ 18,458	58,738
Total Disbursements	105,226	68,116	18,458	191,800
Total Receipts Over/(Under) Disbursements	(15,018)	(1,300)	(18,458)	(34,776)
Other Financing Sources:				
Proceeds of Note	30,000	-	-	30,000
Other Financing Sources	5,670	150	-	5,820
Total Other Financing Sources	35,670	150	-	35,820
Total Receipts and Other Sources Over/(Under) Disbursements	20,652	(1,150)	(18,458)	1,044
Fund Balance January 1, 1998	10,535	8,648	26,106	45,289
Fund Balance December 31, 1998	\$ 31,187	\$ 7,498	\$ 7,648	\$ 46,333

See accompanying Notes to the Financial Statements.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
For the Year Ended December 31, 1998

	Agency Fund
Operating Receipts	-
Operating Expenses	-
Net Income	-
Fund Balance, January 1, 1998	\$ 2,858
Fund Balance, December 31, 1998	\$ 2,858

See accompanying Notes to the Financial Statements.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 1999

	General	Special Revenue	Capital Projects	Total - (Memorandum Only)
Receipts				
Taxes	\$ 41,935	\$ 9,104	-	\$ 51,039
Intergovernmental	59,214	61,767	-	120,981
Interest	821	134	-	955
Other	1,483	400	-	1,883
Total Receipts	103,453	71,405	-	174,858
Disbursements:				
General Government	44,075	-	-	44,075
Public Safety	4,314	-	-	4,314
Public Works	36,806	67,410	-	104,216
Health	3,044	-	-	3,044
Capital Outlay	30,920	635	\$ 7,284	38,839
Debt Service:				
Note Principal Payment	6,000	-	-	6,000
Interest and Fiscal Chares	1,375	-	-	1,375
Total Disbursements	126,534	68,045	7,284	201,863
Total Receipts Over/(Under) Disbursements	(23,081)	3,360	(7,284)	(27,005)
Other Financing Sources:				
Other Financing Sources	63	-	-	63
Total Receipts and Other Sources Over/(Under) Disbursements	(23,018)	3,360	(7,284)	(26,942)
Fund Balance January 1, 1999	31,187	7,498	7,648	46,333
Fund Balance December 31, 1999	\$ 8,169	\$ 10,858	\$ 364	\$ 19,391

See accompanying Notes to the Financial Statements.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
For the Year Ended December 31, 1999

		<u>Agency Fund</u>
Operating Receipts	-	
Operating Expenses	-	
Net Income	-	
Fund Balance, January 1, 1999	\$	2,858
Fund Balance, December 31, 1999	\$	2,858

See accompanying Notes to the Financial Statements.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
For the Year Ended December 31, 1998

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:			
General Fund	\$ 101,269	\$ 125,878	\$ 24,609
Special Revenue Funds	<u>66,966</u>	<u>66,966</u>	<u>-</u>
Total (Memorandum Only)	\$ <u>168,235</u>	\$ <u>192,844</u>	\$ <u>24,609</u>

See accompanying Notes to the Financial Statements.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
For the Year Ended December 31, 1998

<u>Fund Types</u>	<u>Carryover Appropriation</u>	<u>Year Ending 1998 Appropriations</u>	<u>Total</u>	<u>Actual 1998 Disbursements</u>	<u>Encumbrances as of 12/31/98</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	\$ -	\$ 81,749	\$ 81,749	\$ 105,226	\$ -	\$ 105,226	\$ (23,477)
Special Revenue Funds	-	75,734	75,734	68,116	-	68,116	7,618
Capital Project Funds	-	26,106	26,106	18,458	-	18,458	7,648
Fiduciary Fund:							
Agency Fund	-	2,858	2,858	-	-	-	2,858
Total (Memorandum Only)	\$ -	\$ 186,447	\$ 186,447	\$ 191,800	\$ -	\$ 191,800	\$ (5,353)

See accompanying Notes to the Financial Statements.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
For the Year Ended December 31, 1999

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:			
General Fund	\$ 101,123	\$ 103,516	\$ 2,393
Special Revenue Funds	<u>65,540</u>	<u>71,405</u>	<u>5,865</u>
Total (Memorandum Only)	\$ <u>166,663</u>	\$ <u>174,921</u>	\$ <u>8,258</u>

See accompanying Notes to the Financial Statements.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY
COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
For the Year Ended December 31, 1999

<u>Fund Types</u>	<u>Carryover Appropriation</u>	<u>Year Ending 1999 Appropriations</u>	<u>Total</u>	<u>Actual 1999 Disbursements</u>	<u>Encumbrances as of 12/31/99</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	\$ -	\$ 106,418	\$ 106,418	\$ 126,534	-	\$ 126,534	\$ (20,116)
Special Revenue Funds	-	73,038	73,038	68,045	-	68,045	4,993
Capital Project Funds	-	7,648	7,648	7,284	-	7,284	364
Fiduciary Fund:							
Agency Fund	-	2,858	2,858	-	-	-	2,858
Total (Memorandum Only)	\$ -	\$ 189,962	\$ 189,962	\$ 201,863	\$ -	\$ 201,863	\$ (11,901)

See accompanying Notes to the Financial Statements.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 & 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Washington Township, Tuscarawas County, (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected, three-member Board directs the Township. The Township provides general governmental services, including road and cemetery maintenance. The Township collects a .5 mill levy for its Road and Bridge Fund.

Management believes the financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. REPORTING ENTITY

In evaluating how to define the Township for financial reporting purposes, management has considered all agencies, departments and organizations making up Washington Township (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Township, as the primary government, is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and 1) the Township is able to significantly influence the programs or services performed or provided by the organization; or 2) the Township is legally entitled to or can otherwise access the organizations resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Township has determined that there was no component units required to be included the financial statements.

C. BASIS OF ACCOUNTING

The Township prepares its financial statements following 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.)

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

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 & 1999

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. INVESTMENTS AND INACTIVE FUNDS

The provisions of the Ohio Revised Code restrict investment procedures. Purchased investments are all certificates of deposits valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

E. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities, reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts) that are restricted to expenditures for specific purposes.

Capital Projects Funds: Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Fund Type:

This fund is used to account for resources held by the Township in a trustee capacity or agent for individuals or private organizations. The Township has an agency fund for a performance bond. This fund is purely custodial in nature and when the work is completed, the money is to be returned to the company who posted the bond.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 & 1999

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

F. **BUDGETARY PROCESS**

1. **Budget**

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. **Estimated Resources**

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the County Budget Commission and sent to the Township Treasurer by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the County Budget Commission for approval. This amended certificate may be further amended during the year if projected increases or the Clerk identifies decreases in revenue. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 1998 and 1999.

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 1998 and 1999. However, those fund balances are available for appropriations.

3. **Appropriations**

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 & 1999

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

F. **BUDGETARY PROCESS** - (continued)

4. **Encumbrances**

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control.

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated. In the budgetary financial statements, encumbrances are added to budgetary expenditures. The budgetary fund balance is cash minus outstanding encumbrances.

G. **TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

The Township maintains a cash and investment pool. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, as of December 31, 1998 and 1999."

Legal Requirements

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Township Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 & 1999

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or securities issued by any federal government agency or instrumentality, including by not limited to, the federal national home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investments pool (STAR Ohio);

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 & 1999

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS** – (continued)

Protection of the Townships deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Clerk by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the Townships deposits was \$ 44,346 in 1998 and \$17,155 in 1999 and the bank balance was \$81,944 in 1998 and \$37,916 in 1999. All bank deposits in 1998 and 1999 were covered by federal depository insurance.

Investments: GASB Statement No.3 "Deposits with Financial Institutions, Investments amounts and market value of investments classified by risk. Category 1 included investments that are insured or registered for which the securities are held in the counter party's trust department or agent in the Township's name. Category 2 includes uninsured and unregistered investments, which are held by the counter party's, trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the Township's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book form.

	<u>Carrying Value</u>	<u>Market Value</u>
STAR Ohio – 1998	\$ <u>4,845</u>	\$ <u>4,845</u>
STAR Ohio – 1999	\$ <u>5,094</u>	\$ <u>5,094</u>

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statements No. 9 "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
<u>1998</u>		
GASB Statement 9	\$ 49,191	-
Investments:		
STAR Ohio	<u>(4,845)</u>	\$ <u>4,845</u>
GASB Statement 3	\$ <u>44,346</u>	\$ <u>4,845</u>

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 & 1999

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (continued)

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
<u>1999</u>		
GASB Statement 9	\$ 22,249	-
Investments:		
STAR Ohio	<u>(5,094)</u>	\$ <u>5,094</u>
GASB Statement 3	<u>\$ 17,155</u>	\$ <u>5,094</u>

3. PROPERTY TAX

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1998.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the years ended December 31, 1997 and 1998 (received in 1998 and 1999) were \$2.80 and \$2.80, respectively, per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$2.80 and \$2.80 for 1998 and 1999, respectively, per \$1,000 of assessed valuation for real property classified as residential/agricultural. The effective tax rate was \$2.80 and \$2.80 for 1998 and 1999, respectively, per \$1000 of assessed valuation for other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

The rate applied to tangible personal property for the years ended December 31, 1997 and 1998 (received in 1998 and 1999) was \$2.80 and \$2.80, respectively, per \$1,000 of assessed valuation.

The following represents the assessed property values for the revenues received during the years 1998 and 1999:

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 & 1999

3. **PROPERTY TAX – (continued)**

	<u>1998</u>	<u>1999</u>
Real Property		
Residential/Agricultural	\$ 4,375,390	\$ 5,626,680
Commercial/Industrial	833,250	828,310
Tangible Personal Property		
General	32,340	33,780
Public Utilities	<u>12,375,790</u>	<u>13,210,790</u>
Total Valuation	<u>\$17,616,770</u>	<u>\$19,699,560</u>

The Tuscarawas County Treasurer collects property tax on behalf of all taxing Townships within the county. The Tuscarawas County Auditor periodically remits to the taxing Townships their portions of the taxes collected.

4. **DEFINED BENEFIT PENSION PLAN**

The employees of the Township are covered by the Public Employees Retirement System of Ohio (PERS), a cost sharing multiply-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing the Public Employees Retirement System 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Township is required to contribute 9.35 percent. The contribution rates are determined actuarially. The Township's required contributions to PERS for the years ended December 31, 1999, 1998 and 1997 were \$5,713, \$5,222 and \$4,492. The full amount has been contributed for 1998 and 1997. Seventy-six percent has been contributed for 1999.

5. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio Service credit and to primary survivor recipients of such retirees. The health care coverage provided by the retirement system is considered an Other Post employment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on the authority granted by State statute. The 1999 employer contribution rate was 13.55% of covered payroll for employees; 4.2 percent was the portion that was used to fund health care.

WASHINGTON TOWNSHIP
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Notes to the Financial Statements
For the Years Ended December 31, 1998 & 1999

5. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS – (continued)

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health and Medicare, along with investments income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999 the unaudited estimated new assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS were 118,062. The Township's actual contributions for 1999 which were used to fund OPEB were \$1,771.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

6. DEBT

Debt outstanding as of December 31, 1999 was as follows:

Bank:	Huntington Nation Bank
Interest:	4.61 percent
Maturity Date:	12/10/03
Original Amount:	\$30,000
Matured in 1999:	<u>6,000</u>
Balance 12/31/99:	<u>\$24,000</u>

The loan is being paid from other revenues received into the General Fund of the Township. The General Fund will require the following revenues to pay this debt:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2000	\$ 6,000	\$1,106
2001	6,000	830
2002	6,000	553
2003	<u>6,000</u>	<u>277</u>
Total	<u>\$24,000</u>	<u>\$2,766</u>

7. RISK MANAGEMENT

The Township is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal years 1998 and 1999, the Township contracted with one insurance company for coverage of buildings and contents.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 & 1999

7. **RISK MANAGEMENT** – (continued)

The following is a list of insurance coverage of the Township and the deductibles associated with each:

<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Municipal Property:		
Buildings	\$ 43,278	\$ 250
Contents	4,000	250
Misc. Property	84,500	250
Municipal Automobile:		
Bodily Injury & Property Damage	1,000,000	250
Medical Payments	1,000	-
Uninsured & Uninsured Motorists	100,000	-
Municipal General Liability	1,000,000	-
Public Officials Liability:		
Claim	1,000,000	1,000
Aggregate	1,000,000	-
Volunteer Fireman's Insurance	114,350	-

Settled claims have not exceeded commercial coverage in the past three years. Also, there have been no material reductions in coverage during the past three years.

Separate bonds cover the Township Trustees and Clerk.

The Township pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries.

8. **PUBLIC ENTITY POOL**

Ohio Township Association Risk Managements Authority (OTARMA)

The Ohio Township Association Risk Management Authority (OTARMA) is a public entity self-insurance pool providing property and liability coverage to over 660 Township members in the State of Ohio. OTARMA was formed as an Ohio non-profit corporation for the purpose of providing specialized risk managements, loss control and claim services for Township Members. Member Townships agree to jointly participate coverage provided by OTARMA. This coverage includes property, general liability, public officials errors and omissions, automobile liability, and auto physical damage. See the "Risk Management" note number 7 for the limits and deductible amounts for these policies.

Each member Township has one vote on all matters requiring a vote, to be cast by their designated representative. A six member elected Board of Directors manages the affairs of OTARMA. Only the Township's designated representatives are eligible to serve on the board. None of the Board of Directors are from Washington Township.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 & 1999

8. **PUBLIC ENTITY POOL – (continued)**

The Board has adopted procedures for the operation of the OTARMA pool as outlined in the intergovernmental contract. The day-to-day services consisting of marketing, risk management, underwriting, claims, loss prevention and reinsurance placements are provided under contract with American Risk Pooling Consultants, Inc. and their marketing individually. The underwriter determines the contribution for each member by evaluation of the risk exposures.

OTARMA is a member of American Public Entity Excess Pool. This allows OTARMA to spread its excess losses with other public entity pools throughout the country. In addition, excess aggregate casualty reinsurance has been purchased from National Reinsurance Company. Property coverage is reinsured by Munich Reinsurance Company.

9. **SUBSEQUENT EVENTS/PENDING LITIGATION**

Management believes there are no pending claims or lawsuits.

10. **ACCOUNTABILITY AND COMPLIANCE**

Section 5705.41(B), Revised Code prohibits a subdivision from making an expenditure, unless it has been appropriated. For both 1998 and 1999, the Township had General Fund expenditures exceed appropriations.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Trustees
Washington Township
Port Washington, Ohio**

We have audited the financial statements of the Washington Township, Tuscarawas County, (the Township) as of and for the years ended December 31, 1998 and 1999, and have issued our report thereon dated September 20, 2000. 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 statements are 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Washington Township in a separate letter dated September 20, 2000.

Internal Controls 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 matters involving the internal control over financial reporting that we have reported to management of Washington Township in a separate letter dated September 20, 2000.

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

Charles E. Harris & Associates, Inc.
September 20, 2000

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 1996 and 1997 did not include any material citations or recommendations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WASHINGTON TOWNSHIP

TUSCARAWAS 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
NOVEMBER 14, 2000**