

**WASHINGTON TOWNSHIP  
TUSCARAWAS COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 & 2001**

**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  
16014 Gilmore Road, SE  
Port Washington, Ohio 44837

We have reviewed the Independent Auditor's Report of the Washington Township, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2000 to December 31, 2001. 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. The 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

September 27, 2002

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**WASHINGTON TOWNSHIP**  
**TUSCARAWAS COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2000 & 2001**

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**WASHINGTON TOWNSHIP**  
**TUSCARAWAS COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2000 & 2001**

<u>ELECTED OFFICIALS</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>SURETY PERIOD</u>
Tommy Robert Bourne	Trustee	1/1/98 to 12/31/01	(A)	1/1/98 - 12/31/01
Tim Kendle	Trustee	1/1/98 to 12/31/01	(A)	1/1/98 - 12/31/01
Loren R. Berger	Trustee	1/1/00 to 12/31/04	(A)	1/1/00 – 12/31/04
Karla Jean Bierbower	Clerk	4/1/00 to 3/31/04	(B)	4/1/00 - 3/31/04

**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.

*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

We have audited the accompanying financial statements of Washington Township (the Township), as of and for the years ended December 31, 2000 and 2001 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 auditing standards generally accepted in the United States of America 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 present fairly, in all material respects, the cash, investments and fund cash balances of the Township as of December 31, 2000 and 2001, and the receipts, disbursements, and changes in fund cash balances, its combined statements of receipts-budget and actual and combined statements of disbursements and encumbrances compared with expenditure authority for the years then ended in conformity with the basis of accounting referred to above.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 8, 2002 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 management, 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.*  
August 8, 2002

**WASHINGTON TOWNSHIP**  
**TUSCARAWAS COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND CASH**  
**BALANCES - ALL FUND TYPES**  
**For the Years Ended December 31, 2000 and 2001**

	<u>2000</u> <u>Balances</u>	<u>2001</u> <u>Balances</u>
Cash and Cash Equivalents	\$ <u>31,668</u>	\$ <u>26,102</u>

Cash Balances By Fund Class

Governmental Fund Types:

General Fund	\$ 18,426	\$ 12,684
Special Revenue Funds	10,020	10,196
Capital Project Funds	364	364

Fiduciary Fund Types:

Agency Fund	<u>2,858</u>	<u>2,858</u>
Totals	\$ <u>31,668</u>	\$ <u>26,102</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, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total - (Memorandum Only)</u>
<b>Receipts</b>				
Taxes	\$ 44,338	\$ 9,625	-	\$ 53,963
Intergovernmental	77,276	55,655	-	132,931
Interest	762	104	-	866
Other	361	-	-	361
<b>Total Receipts</b>	<b>122,737</b>	<b>65,384</b>	<b>-</b>	<b>188,121</b>
<b>Disbursements:</b>				
General Government	42,866	-	-	42,866
Public Safety	4,777	-	-	4,777
Public Works	53,578	61,280	-	114,858
Health	4,172	-	-	4,172
Human Service	-	4,942	-	4,942
Debt Service:				
Note Principal Payment	6,000	-	-	6,000
Interest and Fiscal Charges	1,125	-	-	1,125
<b>Total Disbursements</b>	<b>112,518</b>	<b>66,222</b>	<b>-</b>	<b>178,740</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>10,219</b>	<b>(838)</b>	<b>-</b>	<b>9,381</b>
<b>Other Financing Sources:</b>				
Other Financing Sources	38	-	-	38
<b>Total Other Financing Sources</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>38</b>
<b>Total Receipts and Other Sources Over/(Under) Disbursements</b>	<b>10,257</b>	<b>(838)</b>	<b>-</b>	<b>9,419</b>
<b>Fund Balance January 1, 2000</b>	<b>8,169</b>	<b>10,858</b>	<b>364</b>	<b>19,391</b>
<b>Fund Balance December 31, 2000</b>	<b>\$ 18,426</b>	<b>\$ 10,020</b>	<b>\$ 364</b>	<b>\$ 28,810</b>

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, 2000**

	Agency Fund
Operating Receipts	-
Operating Expenses	-
Net Income	-
Fund Balance, January 1, 2000	\$ 2,858
Fund Balance, December 31, 2000	\$ 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, 2001**

	General	Special Revenue	Capital Projects	Total - (Memorandum Only)
<b>Receipts</b>				
Taxes	\$ 43,940	\$ 9,523	-	\$ 53,463
Intergovernmental	38,962	57,588	-	96,550
Interest	661	73	-	734
Other	2,220	390	-	2,610
<b>Total Receipts</b>	<b>85,783</b>	<b>67,574</b>	<b>-</b>	<b>153,357</b>
<b>Disbursements:</b>				
General Government	37,864	-	-	37,864
Public Safety	5,280	-	-	5,280
Public Works	33,476	63,553	-	97,029
Health	2,896	-	-	2,896
Capital Outlay	-	3,845	-	3,845
Debt Service:				
Note Principal Payment	12,657	-	-	12,657
Interest and Fiscal Chares	1,559	-	-	1,559
<b>Total Disbursements</b>	<b>93,732</b>	<b>67,398</b>	<b>-</b>	<b>161,130</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(7,949)</b>	<b>176</b>	<b>-</b>	<b>(7,773)</b>
<b>Other Financing Sources:</b>				
Other Financing Sources	2,207	-	-	2,207
<b>Total Receipts and Other Sources Over/(Under) Disbursements</b>	<b>(5,742)</b>	<b>176</b>	<b>-</b>	<b>(5,566)</b>
<b>Fund Balance January 1, 2001</b>	<b>18,426</b>	<b>10,020</b>	<b>364</b>	<b>28,810</b>
<b>Fund Balance December 31, 2001</b>	<b>\$ 12,684</b>	<b>\$ 10,196</b>	<b>\$ 364</b>	<b>\$ 23,244</b>

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, 2001**

	<b>Agency Fund</b>
<b>Operating Receipts</b>	-
<b>Operating Expenses</b>	-
<b>Net Income</b>	-
<b>Fund Balance, January 1, 2001</b>	\$ <u>2,858</u>
<b>Fund Balance, December 31, 2001</b>	\$ <u><u>2,858</u></u>

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, 2000**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b>Governmental Funds:</b>			
General Fund	\$ 117,864	\$ 122,775	\$ 4,911
Special Revenue Funds	<u>66,549</u>	<u>65,384</u>	<u>(1,165)</u>
<b>Total (Memorandum Only)</b>	<b>\$ <u>184,413</u></b>	<b>\$ <u>188,159</u></b>	<b>\$ <u>3,746</u></b>

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, 2000

<u>Fund Types</u>	<u>Carryover Appropriation</u>	<u>Year Ending 2000 Appropriations</u>	<u>Total</u>	<u>Actual 2000 Disbursements</u>	<u>Encumbrances as of 12/31/2000</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b>Governmental Funds:</b>							
General Fund	\$ -	\$ 80,180	\$ 80,180	\$ 112,518	\$ -	\$ 112,518	\$ (32,338)
Special Revenue Funds	-	77,407	77,407	66,222	-	66,222	11,185
Capital Project Funds	-	1,402	1,402	-	-	-	1,402
<b>Fiduciary Fund:</b>							
Agency Fund	-	2,858	2,858	-	-	-	2,858
<b>Total (Memorandum Only)</b>	<b>\$ -</b>	<b>\$ 161,847</b>	<b>\$ 161,847</b>	<b>\$ 178,740</b>	<b>\$ -</b>	<b>\$ 178,740</b>	<b>\$ (16,893)</b>

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, 2001**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b>Governmental Funds:</b>			
General Fund	\$ 84,533	\$ 87,990	\$ 3,457
Special Revenue Funds	<u>66,804</u>	<u>67,574</u>	<u>770</u>
<b>Total (Memorandum Only)</b>	<b><u><u>\$ 151,337</u></u></b>	<b><u><u>\$ 155,564</u></u></b>	<b><u><u>\$ 4,227</u></u></b>

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, 2001

<u>Fund Types</u>	<u>Carryover Appropriation</u>	<u>Year Ending 2001 Appropriations</u>	<u>Total</u>	<u>Actual 2001 Disbursements</u>	<u>Encumbrances as of 12/31/2001</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b>Governmental Funds:</b>							
General Fund	\$ -	\$ 102,959	\$ 102,959	\$ 93,732	\$ -	\$ 93,732	\$ 9,227
Special Revenue Funds	-	76,824	76,824	67,398	-	67,398	9,426
Capital Project Funds	-	364	364	-	-	-	364
<b>Fiduciary Fund:</b>							
Agency Fund	-	2,858	2,858	-	-	-	2,858
<b>Total (Memorandum Only)</b>	<b>\$ -</b>	<b>\$ 183,005</b>	<b>\$ 183,005</b>	<b>\$ 161,130</b>	<b>\$ -</b>	<b>\$ 161,130</b>	<b>\$ 21,875</b>

See accompanying Notes to the Financial Statements.



**WASHINGTON TOWNSHIP**  
**TUSCARAWAS COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2000 & 2001**

**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, 2000 & 2001**

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, 2000 & 2001

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 2000 and 2001.

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 2000 and 2001. However, those fund balances are available for appropriation.

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 plus carryover balances.

The legal level of budgetary control is at the fund level in all funds. Any budgetary modifications at this level may only be made by ordinance of the Village Council.

**WASHINGTON TOWNSHIP**  
**TUSCARAWAS COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2000 & 2001**

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, 2001 and 2000."

**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, 2000 & 2001**

**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, 2000 & 2001**

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

Protection of the Township’s 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 \$ 26,248 in 2000 and \$20,457 in 2001 and the bank balance was \$77,587 in 2000 and \$32,077 in 2001. All bank deposits in 2000 and 2001 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>Fair Value</u>
STAR Ohio – 2000	\$ <u>5,420</u>	\$ <u>5,420</u>
STAR Ohio – 2001	\$ <u>5,645</u>	\$ <u>5,645</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>
<b>2000</b>		
GASB Statement 9	\$ 31,668	-
Investments:		
STAR Ohio	<u>(5,420)</u>	\$ <u>5,420</u>
GASB Statement 3	\$ <u>26,248</u>	\$ <u>5,420</u>

**WASHINGTON TOWNSHIP**  
**TUSCARAWAS COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2000 & 2001**

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
<u>2001</u>		
GASB Statement 9	\$ 26,102	-
Investments:		
STAR Ohio	<u>(5,645)</u>	\$ 5,645
GASB Statement 3	<u>\$ 20,457</u>	<u>\$ 5,645</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, 1999 and 2000 (received in 2000 and 2001) 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 2000 and 2001, 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 2000 and 2001, 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, 1999 and 2000 (received in 2000 and 2001) 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 2000 and 2001:

**WASHINGTON TOWNSHIP**  
**TUSCARAWAS COUNTY, OHIO**  
**Notes to the Financial Statements**  
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3. **PROPERTY TAX – (continued)**

	<b>2000</b>	<b>2001</b>
Real Property		
Residential/Agricultural	\$ 5,737,710	\$ 5,906,970
Commercial/Industrial	771,640	656,650
Tangible Personal Property		
General	36,920	50,140
Public Utilities	<u>13,390,590</u>	<u>12,973,600</u>
Total Valuation	<u>\$19,936,860</u>	<u>\$19,587,360</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. **RETIREMENT SYSTEMS**

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contributions rates are prescribed by the Ohio Revised Code. The Townships' PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% for 2000 and 13.55% for 2001 of participant's gross salaries. The Township has paid all contributions required through December 31, 2001.

5. **DEBT**

Debt outstanding as of December 31, 2001 was as follows:

Bank:	Huntington National Bank
Interest:	4.61 percent
Maturity Date:	12/10/03
Original Amount:	\$30,000
Outstanding 12/31/99	24,000
Matured in 2000	6,000
Matured in 2001:	<u>12,657</u>
Balance 12/31/01:	<u>\$ 5,343</u>

The Township made an additional principal payment of \$7,000 in 2001.



**WASHINGTON TOWNSHIP**  
**TUSCARAWAS COUNTY, OHIO**  
**Notes to the Financial Statements**  
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5. **DEBT** – (continued)

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>
2002	\$ <u>5,343</u>	\$ <u>246</u>
Total	\$ <u>5,343</u>	\$ <u>246</u>

6. **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 2000 and 2001, the Township contracted with one insurance company for coverage of buildings and contents.

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

Settled claimed 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.

**WASHINGTON TOWNSHIP**  
**TUSCARAWAS COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2000 & 2001**

**7. 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 6 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.

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.

**8. SUBSEQUENT EVENTS/PENDING LITIGATION**

Management believes there are no pending claims or lawsuits.

**9. ACCOUNTABILITY AND COMPLIANCE**

- Sections 5705.41 (B), Revised Code prohibit a subdivision from making an expenditure, unless it has been appropriated. For the year 2000, the Township had General Fund expenditures exceed appropriations.

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*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

**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 Washington Township, Tuscarawas County (the Township) as of and for the years ended December 31, 2000 and 2001 and have issued our report thereon dated August 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 several instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2001-WT-01 through 2001 WT-04. We also noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated August 8, 2002.

**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 we have reported to the management of the Township in a separate letter dated August 8, 2002.

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

*Charles E. Harris & Associates, Inc.*  
August 8, 2002

**WASHINGTON TOWNSHIP  
TUSCARAWAS COUNTY, OHIO**

**SCHEDULE OF FINDINGS**

**Finding Number 2001-WT-01**

Ohio Administrative Code Section 117-3-11 requires the Township to use the encumbrance method of accounting. All purchase orders shall be numbered consecutively and certified by the Township Clerk that funds are available or in the process of collection free from a previous encumbrance. Each encumbrance charged against an appropriation shall be posted and subtracted from the appropriated balance producing a declining unencumbered balance.

The Township did not use the encumbrance method of accounting for 2001.

This section was repealed for 2001.

**Finding Number 2001-WT-02**

Ohio Administrative Code Section 117-3-7 requires the Township to complete a voucher which is in a written order authorizing the drawing of a warrant in payment of a lawful obligation of the Township.

A completed voucher should include the date, purchase order number, amount and other relevant information determined by the Board of Trustees. Approval of each Board member should be indicated by his/her signature.

The Township did not complete vouchers during the fiscal year 2000.

This section was repealed for 2001.

**Finding Number 2001-WT-03**

For fiscal year 2001, Ohio Administrative Code Section 117-2-02(A)\* requires governments to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. Per Ohio Administrative Code Section 117-2-02 (D), accounting records that can help achieve these objectives include:

1. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund.
3. Appropriation ledger, which assembles and classifies disbursements into separate accounts, for at minimum, each account listed in the appropriation resolution.

Ohio Administrative Code Section 117-7-01\* provides suggested account classifications. These accounts classify receipts by sources (taxes or charges for services, for example) and classify disbursements by program (security of persons and property, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

\* Prior to July 1, 2000, these requirements were included in Ohio Administrative Code Section 117-3.

**WASHINGTON TOWNSHIP  
TUSCARAWAS COUNTY, OHIO**

**SCHEDULE OF FINDINGS**

**Finding Number 2001-WT-04**

**Section 117.38, Revised Code, requires all public offices to file an annual report with the Auditor of the State of Ohio within 60 days of the end of the fiscal year.**

**No evidence was found that the Township's annual financial report was filed for the years 2000 and 2001.**

## **STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS**

The prior audit report, as of December 31, 1999 and 2000 included citations and recommendations that have not been corrected. The citations and recommendations are repeated in the current audit report.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
OCTOBER 10, 2002**