

**PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2003 and 2002

JEFFREY P. ZWIEBEL, CLERK



**Auditor of State
Betty Montgomery**

Board of Trustees
Pusheta Township
14002 Pusheta Road
Wapakoneta, Ohio 45895

We have reviewed the Independent Auditor's Report of Pusheta Township, Auglaize County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2002 to December 31, 2003. 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. Pusheta Township is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

March 5, 2004

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**PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Independent Auditor's Report

Board of Trustees
Pusheta Township, Auglaize County
14002 Pusheta Rd.
Wapakoneta, OH 45895

We have audited the accompanying financial statements of Pusheta Township, Auglaize County, (the “Township”) as of and for the years ended December 31, 2003 and 2002. 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 2, the Township prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of Pusheta Township, Auglaize County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 5, 2004, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the 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.

Trimble, Julian & Grube, Inc.
February 5, 2004

**PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO**

COMBINED STATEMENT OF FUND BALANCES
ALL FUND TYPES - CASH BASIS
DECEMBER 31, 2003 AND 2002

	2003	2002
<u>Cash and Cash Equivalents:</u>		
Cash and Cash Equivalents	\$ 82,320	\$ 72,186
<u>Fund Balances:</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 10,954	\$ 6,795
Special Revenue	71,067	65,016
Debt Service	299	375
Total Governmental Fund Types	82,320	72,186
Total Fund Balances	\$ 82,320	\$ 72,186

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash receipts:				
Local taxes	\$ 19,461	\$ 67,116	\$ -	\$ 86,577
Intergovernmental	24,524	58,223	18,924	101,671
Licenses, permits and fees	1,425	-	-	1,425
Interest	170	341	-	511
Miscellaneous	512	877	-	1,389
Total cash receipts	<u>46,092</u>	<u>126,557</u>	<u>18,924</u>	<u>191,573</u>
Cash disbursements:				
Current:				
General government	38,434	-	-	38,434
Public safety	199	32,902	-	33,101
Public works	-	61,138	-	61,138
Health	3,300	-	-	3,300
Capital outlay	-	26,466	-	26,466
Debt service:				
Principal	-	-	16,668	16,668
Interest	-	-	2,332	2,332
Total cash disbursements	<u>41,933</u>	<u>120,506</u>	<u>19,000</u>	<u>181,439</u>
Total cash receipts over/(under) cash disbursements	<u>4,159</u>	<u>6,051</u>	<u>(76)</u>	<u>10,134</u>
Cash fund balances, January 1, 2003	<u>6,795</u>	<u>65,016</u>	<u>375</u>	<u>72,186</u>
Cash fund balances, December 31, 2003	<u>\$ 10,954</u>	<u>\$ 71,067</u>	<u>\$ 299</u>	<u>\$ 82,320</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 5,230	\$ 39,014	\$ 44,244	\$ 46,092	\$ 7,078	\$ -	\$ 44,244	\$ 44,244	\$ 41,933	\$ -	\$ 41,933	\$ 2,311
Special Revenue	64,554	114,169	178,723	126,557	12,388	-	178,723	178,723	120,506	-	120,506	58,217
Debt Service	2,401	17,000	19,401	18,924	1,924	-	19,401	19,401	19,000	-	19,000	401
Total (Memorandum Only)	<u>\$ 72,185</u>	<u>\$ 170,183</u>	<u>\$ 242,368</u>	<u>\$ 191,573</u>	<u>\$ 21,390</u>	<u>\$ -</u>	<u>\$ 242,368</u>	<u>\$ 242,368</u>	<u>\$ 181,439</u>	<u>\$ -</u>	<u>\$ 181,439</u>	<u>\$ 60,929</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Local taxes	\$ 18,142	\$ 66,000	\$ -	\$ -	\$ 84,142
Intergovernmental	23,587	63,490	13,075	66,181	166,333
Licenses, permits and fees	530	-	-	-	530
Interest	231	463	-	-	694
Miscellaneous	402	6,092	-	-	6,494
Total cash receipts	<u>42,892</u>	<u>136,045</u>	<u>13,075</u>	<u>66,181</u>	<u>258,193</u>
Cash disbursements:					
Current:					
General government	45,802	-	-	-	45,802
Public safety	221	32,173	-	-	32,394
Public works	-	106,114	-	-	106,114
Health	3,000	-	-	-	3,000
Capital outlay	-	32,870	-	66,181	99,051
Debt service:					
Principal	-	-	11,882	-	11,882
Interest	-	-	2,118	-	2,118
Total cash disbursements	<u>49,023</u>	<u>171,157</u>	<u>14,000</u>	<u>66,181</u>	<u>300,361</u>
Total cash receipts (under) cash disbursements	<u>(6,131)</u>	<u>(35,112)</u>	<u>(925)</u>	<u>-</u>	<u>(42,168)</u>
Other financing sources:					
Proceeds from bonds	-	37,500	-	-	37,500
Total other financing sources	<u>-</u>	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>37,500</u>
Excess of cash receipts and other financing sources over/(under) cash disbursements	(6,131)	2,388	(925)	-	(4,668)
Cash fund balances, January 1, 2002	<u>12,926</u>	<u>62,628</u>	<u>1,300</u>	<u>-</u>	<u>76,854</u>
Cash fund balances, December 31, 2002	<u>\$ 6,795</u>	<u>\$ 65,016</u>	<u>\$ 375</u>	<u>\$ -</u>	<u>\$ 72,186</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2002 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2002 Appropriations	Total	Actual 2002 Disbursements	Encumbrances Outstanding at 12/31/02	Total	Variance Favorable (Unfavorable)
	Governmental:											
General	\$ 11,879	\$ 38,104	\$ 49,983	\$ 42,892	\$ 4,788	\$ -	\$ 49,982	\$ 49,982	\$ 49,023	\$ -	\$ 49,023	\$ 959
Special Revenue	61,648	156,468	218,116	173,545	17,077	-	218,116	218,116	171,157	-	171,157	46,959
Debt Service	3,325	15,000	18,325	13,075	(1,925)	-	18,325	18,325	14,000	-	14,000	4,325
Capital Projects	-	70,100	70,100	66,181	(3,919)	-	70,100	70,100	66,181	-	66,181	3,919
Total (Memorandum Only)	<u>\$ 76,852</u>	<u>\$ 279,672</u>	<u>\$ 356,524</u>	<u>\$ 295,693</u>	<u>\$ 16,021</u>	<u>\$ -</u>	<u>\$ 356,523</u>	<u>\$ 356,523</u>	<u>\$ 300,361</u>	<u>\$ -</u>	<u>\$ 300,361</u>	<u>\$ 56,162</u>

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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 1 - DESCRIPTION OF THE ENTITY

Pusheta Township (the "Township") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Township is directed by a publicly-elected three member Board of Trustees. The Township provides general governmental services including road maintenance. The township contracts with the Village of Botkins for fire services and the Anna Rescue Squad for emergency medical services.

Management believes the financial statements included in this report represent all of the funds of the Township over which the Township is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Township's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Township are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Township.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Township not required to be included 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 are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Township had the following significant Special Revenue Funds:

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

Road and Bridge Fund - This fund receives property tax money and proceeds of bonds for constructing, maintaining, repairing Township roads and purchasing equipment.

Motor Vehicle License Tax Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Township roads.

Debt Service Funds

These funds are used to accumulate resources for the payment of indebtedness. The Township had the following significant Debt Service fund:

Other Debt Service - This fund accumulates resources for the payment of railroad improvements and purchase of a truck.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Projects Fund in 2002.

Issue II Fund - This fund accumulates grant monies received and paid out on behalf of the Township.

B. BASIS OF ACCOUNTING

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

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

PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level within each fund. Any budgetary modifications at this level may only be made by resolution of the Township.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Township legally adopted several supplemental appropriations during 2002. There were no amendments to appropriations during 2003.

PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Encumbrances:

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. The Township did not use the encumbrance method of accounting.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments are credited to the respective funds. Interest income earned and received by the Township totaled \$511 and \$530 for the years ended December 31, 2003 and 2002, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township's cash basis method of accounting.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 3 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2003</u>	<u>2002</u>
Demand Deposits	<u>\$ 82,320</u>	<u>\$ 72,186</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

NOTE 4 - DEBT OBLIGATIONS

At December 31, 2003, debt obligations consisted of the following issuance:

<u>Description</u>	<u>Balance at December 31, 2003</u>
2002 bond with Fifth Third Bank for purchase of a new truck, due in semiannual installments of \$3,750 through February 2007, bearing interest at 4.97%.	\$ 25,025
2001 note with Fifth Third for railroad improvement, due in semiannual installments of various amounts through September 1, 2005, bearing interest at 5.35%.	<u>\$7,925</u>
Total debt obligations at December 31, 2003	<u>\$ 32,950</u>

Transactions for the year ended December 31, 2003 and 2002 are summarized as follows:

<u>Description</u>	<u>Balance at January 1</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at December 31</u>
<u>2003:</u>				
Note-Railroad Improvements	\$ 16,181	\$ -	\$ (8,256)	\$ 7,925
Bond - Truck	<u>33,437</u>	<u>-</u>	<u>(8,412)</u>	<u>25,025</u>
Total	<u>\$ 49,618</u>	<u>\$ -</u>	<u>\$ (16,668)</u>	<u>\$ 32,950</u>

PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 4 - DEBT OBLIGATIONS - (Continued)

<u>Description</u>	<u>Balance at January 1</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at December 31</u>
<u>2002:</u>				
Note-Railroad Improvements	\$ 24,000	\$ -	\$ (7,819)	\$ 16,181
Bond - Truck	<u>-</u>	<u>37,500</u>	<u>(4,063)</u>	<u>33,437</u>
Total	<u>\$ 24,000</u>	<u>\$ 37,500</u>	<u>\$ (11,882)</u>	<u>\$ 49,618</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2003, are as follows:

<u>Year Ending December 31</u>	<u>Railroad Improvements</u>		<u>Truck</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 7,000	\$ 816	\$ 7,500	\$ 1,585
2005	925	522	7,500	1,211
2006	-	-	7,500	839
2007	<u>-</u>	<u>-</u>	<u>2,525</u>	<u>553</u>
Total	<u>\$ 7,925</u>	<u>\$ 1,338</u>	<u>\$ 25,025</u>	<u>\$ 4,188</u>

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. 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.

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

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

PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 5 - PROPERTY TAX - (Continued)

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

NOTE 6 - RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OPERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003 for 2003 and 2002.

NOTE 7 - RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgements, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year.

Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 7 - RISK MANAGEMENT - (Continued)

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2002, which is the latest available data:

<u>Casualty Coverage</u>	<u>2002</u>
Assets	\$ 23,757,036
Liabilities	<u>(9,197,512)</u>
Retained earnings	<u>\$ 14,559,524</u>
<u>Property Coverage</u>	<u>2002</u>
Assets	\$ 6,596,996
Liabilities	<u>(1,204,326)</u>
Retained earnings	<u>\$ 5,392,670</u>

NOTE 8 - CONTINGENT LIABILITY

LITIGATION

The Township is currently not involved in litigation that the Township's legal counsel anticipates a loss.

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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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
Pusheta Township, Auglaize County
14002 Pusheta Rd.
Wapakoneta, OH 45895

We have audited the financial statements of Pusheta Township, Auglaize County (the “Township”), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 5, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-PT-001. We also noted a certain immaterial instance of noncompliance that we have reported to the management of the Township in a separate letter dated February 5, 2004.

Board of Trustees
Pusheta Township, Auglaize County

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 that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of the Township in a separate letter dated February 5, 2004.

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

Trimble, Julian & Grube, Inc.
February 5, 2004

**PUSHETA TOWNSHIP
AUGLAIZE COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

**1. FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	2003-PT-001
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Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

It was noted during the audit that the Township does not process purchase orders prior to expending funds. A listing of all disbursements are provided to the Trustees at each meeting (if applicable) prior to payment.

Without timely certification, the Township may expend more funds than available in the treasury, in the process of collection or than funds appropriated. In addition, by purchasing items prior to trustee approval or absent the purchase order process, the potential for unnecessary purchases or items for proper public purpose cannot be prevented if approval is after the fact.

We recommend that the Township implement a policy and procedure for the use of purchase orders to help ensure that the disbursements are timely certified. This will help ensure that all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Township should issue approved purchase orders and consider using blanket and super blanket purchase orders and/or "Then" and "Now" certificates where applicable.

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PUSHETA TOWNSHIP

AUGLAIZE 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
MARCH 18, 2004**