

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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2002 & 2003

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



**Auditor of State
Betty Montgomery**

Board of Trustees
Washington Township

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, 2002 through 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. Washington Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 21, 2005

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**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2002 and 2003**

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the Washington Township (Township), as of and for the years ended December 31, 2003 and 2002, 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 a 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 combined cash, investments and fund cash balances as of December 31, 2003 and 2002, and its combined statements of cash receipts, disbursements, and changes in fund cash balances, its combined statement of receipts-budget and actual and combined statement of disbursements and encumbrances compared with expenditure authority for the years then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 12, 2005 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.
January 12, 2005

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF CASH, INVESTMENTS AND
FUND CASH BALANCES - ALL FUND TYPES
For the Year Ended December 31, 2002 and 2003

	<u>2002</u> <u>Balances</u>	<u>2003</u> <u>Balances</u>	
Cash and Cash Equivalents	\$ 20,827	\$ 38,032	
	<u>\$ 20,827</u>	<u>\$ 38,032</u>	

Cash Balances by Fund Class

Governmental Fund Types:

General Fund	\$ 10,416	\$ 10,061	
Special Revenue Funds	7,553	25,113	

Fiduciary Fund:

Agency Fund	2,858	2,858	
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Totals	<u>\$ 20,827</u>	<u>\$ 38,032</u>	
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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, 2002

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Taxes	\$ 43,923	\$ 9,797	\$ -	\$ 53,720
Intergovernmental Receipts	39,548	61,778	-	101,326
Interest	312	42	-	354
Other	6,493	1,047	-	7,540
Total Cash Receipts	<u>90,276</u>	<u>72,664</u>	<u>-</u>	<u>162,940</u>
Cash Disbursements:				
General Government	63,291	-	-	63,291
Public Safety	6,111	295	-	6,406
Public Works	16,857	75,012	364	92,233
Health	4,308	-	-	4,308
Capital Outlay	14,000	-	-	14,000
Debt Service-Principal	5,343	-	-	5,343
Debt Service-Interest	284	-	-	284
Total Cash Disbursements	<u>110,194</u>	<u>75,307</u>	<u>364</u>	<u>185,865</u>
Total Receipts Over/(Under) Disbursements	<u>(19,918)</u>	<u>(2,643)</u>	<u>(364)</u>	<u>(22,925)</u>
Other Financing Sources:				
Proceeds of Notes	15,000	-	-	15,000
Sale of Fixed Assets	2,650	-	-	2,650
Total Other Financing Sources	<u>17,650</u>	<u>-</u>	<u>-</u>	<u>17,650</u>
Total Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(2,268)	(2,643)	(364)	(5,275)
Fund Cash Balances-January 1, 2002	12,684	10,196	364	23,244
Fund Cash Balances-December 31, 2002	<u>\$ 10,416</u>	<u>\$ 7,553</u>	<u>\$ -</u>	<u>\$ 17,969</u>

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, 2002

	Agency Fund
Operating Receipts	-
Operating Expenses	-
Net Income	-
Fund Cash Balance, January 1, 2002	\$ 2,858
Fund Cash Balance, December 31, 2002	\$ 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, 2003

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Taxes	\$ 84,241	\$ 5,877	\$ 90,118
Intergovernmental Receipts	30,547	71,373	101,920
Interest	274	50	324
Other	1,637	237	1,874
Total Cash Receipts	<u>116,698</u>	<u>77,537</u>	<u>194,235</u>
Cash Disbursements:			
General Government	63,569	-	63,569
Public Safety	3,014	-	3,014
Public Works	42,554	59,977	102,531
Health	2,250	-	2,250
Debt Service - Principal	5,000	-	5,000
Debt Service - Interest	667	-	667
Total Cash Disbursements	<u>117,054</u>	<u>59,977</u>	<u>177,031</u>
Total Receipts Over/(Under) Disbursements	(355)	17,560	17,205
Fund Cash Balances-January 1, 2003	10,416	7,553	17,969
Fund Cash Balances-December 31, 2003	<u>\$ 10,061</u>	<u>\$ 25,113</u>	<u>\$ 35,174</u>

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, 2003

	Agency Fund
Operating Receipts	-
Operating Expenses	-
Net Income	-
Fund Cash Balance, January 1, 2003	\$ 2,858
Fund Cash Balance, December 31, 2003	\$ 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, 2002

Fund Types/Funds:	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental:			
General Fund	\$ 112,856	\$ 107,926	\$ (4,930)
Special Revenue Funds	77,998	72,664	(5,334)
Capital Project Funds	364	-	(364)
Fiduciary:			
Agency Fund	2,858	-	(2,858)
 Total (Memorandum Only)	 <u>\$ 194,076</u>	 <u>\$ 180,590</u>	 <u>\$ (13,486)</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, 2002

<u>Fund Types/Fund</u>	<u>Carryover Appropriation</u>	<u>Year Ending 2002 Appropriation</u>	<u>Total</u>	<u>Actual 2002 Expenditures</u>	<u>Encumbrances as of 12/31/2002</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	\$ -	\$ 95,356	\$ 95,356	\$ 110,194	\$ -	\$ 110,194	\$ (14,838)
Special Revenue Funds	-	77,998	77,998	75,307	-	75,307	2,691
Capital Projects Fund	-	364	364	364	-	364	-
Fiduciary Fund:							
Agency Fund	-	2,858	2,858	-	-	-	2,858
Total (Memorandum Only)	<u>\$ -</u>	<u>\$ 176,576</u>	<u>\$ 176,576</u>	<u>\$ 185,865</u>	<u>\$ -</u>	<u>\$ 185,865</u>	<u>\$ (9,289)</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, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Fund Types/Funds:			
Governmental:			
General Fund	\$ 87,576	\$ 116,698	\$ 29,122
Special Revenue Funds	76,433	77,537	1,104
Fiduciary:			
Agency Fund	2,858	-	(2,858)
Total (Memorandum Only)	\$ 166,867	\$ 194,235	\$ 27,368

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, 2003

<u>Fund Types/Fund</u>	<u>Carryover Appropriation</u>	<u>Year Ending 2003 Appropriation</u>	<u>Total</u>	<u>Actual 2003 Expenditures</u>	<u>Encumbrances as of 12/31/2003</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	\$ -	\$ 87,576	\$ 87,576	\$ 117,054	\$ -	\$ 117,054	\$ (29,478)
Special Revenue Funds	-	76,433	76,433	59,977	-	59,977	16,456
Fiduciary Funds:							
Agency Fund	-	2,858	2,858	-	-	-	\$ 2,858
Total (Memorandum Only)	<u>\$ -</u>	<u>\$ 166,867</u>	<u>\$ 166,867</u>	<u>\$ 177,031</u>	<u>\$ -</u>	<u>\$ 177,031</u>	<u>\$ (10,164)</u>

See accompanying Notes to the Financial Statements.

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Township of Gnadenhutten, (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. The Township is directed by three publicly-elected, Trustees. The Township provides general governmental services, street maintenance and cemetery services.

The Township's management believes these 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. 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 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.

C. CASH

Certificates of deposit are valued at cost.

D. 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, and accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

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 or for capital projects) that are restricted to expenditures for specific purposes. Special revenue funds follow:

- Motor Vehicle License Tax
- Gasoline Tax
- Road And Bridge Fund
- Cemetery Fund

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.

E. BUDGETARY PROCESS

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.

1. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus encumbered cash as of January 1. The County Budget Commission must also approve the annual appropriation measure.

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

E. BUDGETARY PROCESS – (continued)

2. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	2003	2002
Demand deposits	\$ 32,221	\$ 15,080

Deposits: The bank balance was \$19,810 in 2002 and \$36,938 in 2003. FDIC insured all deposits for both years.

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003**

Investments: GASB Statement No.3 “Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements” requires that local governments disclose the carrying 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 2002	<u>\$5,747</u>	<u>\$5,747</u>
STAR – Ohio 2003	<u>\$5,811</u>	<u>\$5,811</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 2001.

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 State Board of Tax Equalization adjusts the tax rates for inflation. 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. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as Intergovernmental Receipts.

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

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

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 Township their portions of the taxes collected.

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003**

4. DEFINED BENEFIT PENSION PLAN

The Ohio Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit pension plan. OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. For local government employer units the rate was 13.55% of covered payroll. The Township has paid all contributions required through December 31, 2003.

5. DEBT

Debt outstanding as of December 31, 2003 was as follows:

Bank:	Huntington National Bank
Interest Rate:	4.61%
Maturity Date:	12/10/04
Original Amount:	\$15,000
Matured in 2003	<u>5,000</u>
Balance	<u>\$10,000</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 2002 and 2003, 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, 2002 and 2003**

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 not 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.

7. PUBLIC ENTITY POOL

Ohio Township Association Risk Management Authority (OTARMA)

The Ohio Township Association Risk Management Authority (OTARMA) is a public entity self-insurance pool providing property and liability coverages 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 management, loss control and claim services for Township Members. Member Townships agree to jointly participate in coverage of losses and pay all contributing costs necessary for the specified insurance coverages provided by OTARMA. These coverages include 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.

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003**

Each member Township has one vote on all matters requiring a vote, to be cast by their designated representative. The affairs of OTARMA are managed by a six member elected Board of Directors. Only the Township's designated representatives are eligible to serve on the Board. None of the Board of Directors is 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 placement are provided under contract with American Risk Pooling Consultants, Inc. The underwriters evaluate each township 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 coverages are reinsured by Munich Reinsurance Company.

8. JOINTLY GOVERNED ORGANIZATIONS

A. Tuscarawas County Regional Planning Commission (Commission)

The Commission is a statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. In 2002 and 2003, \$152 was paid to the Commission for each year.

9. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

10. ACCOUNTABILITY AND COMPLIANCE

The Township did not encumber all expenditures properly as required by the Ohio Revised Code.

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

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

The Board of Trustees
Washington Township
Tuscarawas County
Port Washington, Ohio

We have audited the financial statements of Washington Township (Township) as of and for the years ended December 31, 2002 and 2003, and have issued our report thereon dated January 12, 2005. 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.

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 an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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 matter 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 Washington Township, Tuscarawas County, Ohio, in a separate letter dated January 12, 2005.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as item numbers 2003-WTTC-001 thru 2003-WTTC-002. We also noted certain additional matters that we have reported to the management of the Township in a separate letter dated January 12, 2005.

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

Charles E. Harris and Associates, Inc.
January 12, 2005

WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2002 and 2003

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE GAGAS

NONCOMPLIANCE CITATIONS

FINDING NUMBER 2003-WTTC-001

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate or the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be null and void and warrant shall be issued in payment due thereon.

This section also provides for two “exceptions” to the above requirements:

1. Then and Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Township Trustees may authorize the issuance of a warrant in payment due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
2. If the amount involved is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Township Trustees, if such expenditure is otherwise valid.

In addition, certain liabilities, contracts, and open purchase commitments incurred prior to December 31 which were not encumbered were improperly charged against the following year’s appropriations. Also, the unencumbered fund balances reported to County Auditor for budgetary purposes were overstated due to the failure to properly encumber.

Not properly certifying the availability of funds (and failure to encumber) could cause the Township to overspend appropriations. The Clerk/Treasurer should notify all Township officials and employees of the requirements of Ohio Rev. Code Section 5705.41(D). In addition, the Township should implement the use of Then and Now certificates and Blanket Certificates as permitted by Ohio Rev. Code Section 5705.41.

This finding is also included in the Schedule of Findings in the December 31, 2001 and 2000 report.

FINDING NUMBER 2003-WTTC-002

Ohio Rev. Code, Section 117.38, requires that 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 report was filed for the years 2002 and 2003.

This finding is also included in the Schedule of Findings in the December 31, 2001 and 2000 report.

**WASHINGTON TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2001-WT-01	Township did not use the encumbrance method of accounting.	NO	Not Corrected, repeated in Schedule of Findings as item 2003-WTTC-001.
2001-WT-02	Township did not complete vouchers during fiscal year 2000.	NO	No longer valid, Ohio Administrative Code Section repealed.
2001-WT-03	Township did not maintain an accounting system and accounting records as required by the Ohio Administrative Code Section 117-2-02(A).	YES	Corrected, Finding No Longer Valid.
2001-WT-04	No evidence that Township filed required annual report for years 2000 and 2001.	NO	Not Corrected, repeated in Schedule of Findings as item 2003-WTTC-002.



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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
APRIL 5, 2005**