



Dave Yost • Auditor of State

VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY

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Dave Yost • Auditor of State

Village of Port Washington
Tuscarawas County
107 East Main Street
P.O. Box 277
Port Washington, Ohio 43837

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 23, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Port Washington
Tuscarawas County
107 East Main Street
P.O. Box 277
Port Washington, Ohio 43837

To the Village Council:

We have audited the accompanying financial statements of the Village of Port Washington, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. For the year ended December 31, 2010, the Village processed its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Port Washington, Tuscarawas County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2011, on our consideration of the Village'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

September 23, 2011

**VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$17,891	\$3,567		\$21,458
Municipal Income Tax	44,906		\$8,311	53,217
Intergovernmental	22,793	29,573		52,366
Special Assessments	355			355
Charges for Services	275			275
Fines, Licenses and Permits	7,983			7,983
Earnings on Investments	58			58
Miscellaneous	1,119			1,119
	<u>95,380</u>	<u>33,140</u>	<u>8,311</u>	<u>136,831</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	26,224	2,449		28,673
Public Health Services	2,648	4,596		7,244
Leisure Time Activities	595			595
Community Environment	1,380			1,380
General Government	63,455	14,037		77,492
Capital Outlay		89	2,473	2,562
	<u>94,302</u>	<u>21,171</u>	<u>2,473</u>	<u>117,946</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>1,078</u>	<u>11,969</u>	<u>5,838</u>	<u>18,885</u>
Fund Cash Balances, January 1	<u>15,522</u>	<u>31,362</u>	<u>54,176</u>	<u>101,060</u>
Fund Cash Balances, December 31	<u>\$16,600</u>	<u>\$43,331</u>	<u>\$60,014</u>	<u>\$119,945</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$17,029	\$3,348		\$20,377
Municipal Income Tax	44,367		\$10,401	54,768
Intergovernmental	22,789	29,001		51,790
Fines, Licenses and Permits	6,881			6,881
Earnings on Investments	92			92
Miscellaneous	359	1,345		1,704
	<u>91,517</u>	<u>33,694</u>	<u>10,401</u>	<u>135,612</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	12,946			12,946
Basic Utility Service	6,287			6,287
General Government	70,861	19,204		90,065
Capital Outlay			20,753	20,753
	<u>90,094</u>	<u>19,204</u>	<u>20,753</u>	<u>130,051</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>1,423</u>	<u>14,490</u>	<u>(10,352)</u>	<u>5,561</u>
Fund Cash Balances, January 1	<u>14,099</u>	<u>16,872</u>	<u>64,528</u>	<u>95,499</u>
Fund Cash Balances, December 31	<u>\$15,522</u>	<u>\$31,362</u>	<u>\$54,176</u>	<u>\$101,060</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Port Washington, Tuscarawas County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides park operations and police services. The Village contracts with Tri-County Joint Ambulance District for emergency and ambulance transport services and contracts with the Delaware Valley Joint Fire District for fire emergency and fire rescue services.

The Village participates in three jointly governed organizations. Note 8 to the financial statements provides additional information for these entities. These organizations are:

The Delaware Valley Joint Fire District (the District)

The District is as a body corporate and politic formed by the Village and Salem Township under Ohio Revised Code Section 505.371 to provide adequate and responsible fire emergency and fire rescue to all the people within the District.

Tri-County Ambulance District (the Ambulance District)

The Ambulance District is a body corporate and politic formed by the Village and several other political subdivisions under Ohio Revised Code Section 505.375 to provide emergency medical services.

The Salem Township Union Cemetery (the Cemetery)

The Cemetery is as a body corporate and politic formed by the Village and Salem Township under Ohio Revised Code Section 759.341 to operate and maintain certain cemeteries.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash

The Village maintains cash deposits in a checking account.

**VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Permissive Motor Vehicle License Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Capital Projects Fund – This fund receives proceeds from income tax revenue to finance various road construction projects in the Village.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

**VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Although the Village did not use the encumbrance method of accounting in 2009, the Village did encumber all commitments required by Ohio law in 2010.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2010	2009
Demand deposits	\$119,945	\$101,060

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

3. Budgetary Activity

Budgetary activity for the years ending 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$88,400	\$95,380	\$6,980
Special Revenue	16,650	33,140	16,490
Capital Projects	20,000	8,311	(11,689)
Total	\$125,050	\$136,831	\$11,781

**VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$97,549	\$94,302	\$3,247
Special Revenue	39,658	21,171	18,487
Capital Projects	2,472	2,473	(1)
Total	<u>\$139,679</u>	<u>\$117,946</u>	<u>\$21,733</u>

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$84,000	\$91,517	\$7,517
Special Revenue	29,650	33,694	4,044
Capital Projects	10,000	10,401	401
Total	<u>\$123,650</u>	<u>\$135,612</u>	<u>\$11,962</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,799	\$90,094	\$8,705
Special Revenue	38,550	19,204	19,346
Capital Projects	0	20,753	(20,753)
Total	<u>\$137,349</u>	<u>\$130,051</u>	<u>\$7,298</u>

Contrary to Ohio law, expenditures for 2009 were not certified by the Fiscal Officer prior to incurring the obligation. In addition, appropriations exceeded estimated resources in the General Fund during 2009, Street Construction Maintenance and Repair Fund during 2009 and 2010, and Cemetery Fund during 2009 and 2010. Also, expenditures exceeded appropriations contrary to Ohio law in the Park Fund, State Highway Fund, Cemetery Fund, and Capital Improvement Fund during 2009.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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.

**VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. Property Tax (Continued)

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

5. Local Income Tax

The Village levies a municipal income tax of 1% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. Retirement Systems

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

7. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

8. Jointly Governed Organizations

Delaware Valley Joint Fire District (the District)

The District provides fire protection services for the Village. A five-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. The fifth member is appointed by one individual subdivision within the District on a two year rotational basis. Those subdivisions are Salem Township and the Village of Port Washington. The Village is not financially accountable for the District or is the District financially dependent on the Village. The District serves as its own taxing and debt issuance authority. During 2010 and 2009, no monies were paid to the District from the Village.

VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)

8. Jointly Governed Organizations (Continued)

Tri-County Ambulance District (the Ambulance District)

The Ambulance District provides emergency medical services for the Village. The Ambulance District is directed by an appointed six-member Board of Directors. One board member is appointed by each political subdivision within the Ambulance District. Those subdivisions are Oxford, Salem, Perry, and Washington Townships; and the Villages of Port Washington and Newcomerstown. The Ambulance District provides emergency medical services to citizens within those areas. During 2010 and 2009, the Village paid \$4,692 in total to the Ambulance District.

Salem Township Union Cemetery (the Cemetery)

The Cemetery was established to operate and maintain certain cemeteries. The Village and Salem Township established a three-member Board of Trustees to operate the Cemetery as allowed under Ohio Revised Code Section 759.36. The Cemetery serves as its own taxing and debt issuance authority. During 2010 and 2009, the Village paid \$9,005 in total to the Cemetery.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Port Washington
Tuscarawas County
107 East Main Street
P.O. Box 277
Port Washington, Ohio 43837

To the Village Council:

We have audited the financial statements of the Village of Port Washington, Tuscarawas County, (the Village) as of and for the years ended December 31, 2010 and 2009 and have issued our report thereon dated September 23, 2011 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial

statements will not be prevented, or detected and timely corrected. We consider finding 2010-004 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2010-001 through 2010-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 23, 2011.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, and others within the Village. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

September 23, 2011

**VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010**

1. Ohio Rev. Code Section 5705.39

<i>Finding Number</i>	2010-001
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund shall not exceed total estimated resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 2010, total appropriations exceeded total estimated resources at year end as follows:

Fund	Estimated Resources	Appropriations	Variance
Street Construction & Repair	\$20,191	\$27,625	(\$7,434)
Cemetery	4,000	4,733	(733)

During 2009, total appropriations exceeded total estimated resources at year end as follows:

Fund	Estimated Resources	Appropriations	Variance
General	98,323	98,799	(476)
Street Construction & Repair	22,123	27,050	(4,927)
Cemetery	4,081	4,200	(119)

Village Council and the Fiscal Officer should monitor appropriations versus estimated resources to help avoid potential overspending. In addition, the Fiscal Officer should obtain the required certificate from the County Auditor when amending appropriations and estimated resources.

Official's Response: County Auditor's certificates will (and have been for 2011) be obtained to verify that appropriations do not exceed estimated resources.

2. **Ohio Rev. Code Section 5705.41(D)**

<i>Finding Number</i>	2010-002
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation 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. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$100 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

2. **Ohio Rev. Code Section 5705.41(D) (continued)**

In 2009, of the ten expenditures tested, none were certified by the Fiscal Officer prior to incurring the obligation. In fact, upon further review of the 2009 non-payroll expenditures it was discovered no expenditures were properly certified. It was also found that none of the three exceptions above were utilized for the items found to be in noncompliance. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balance. In addition, Village Council did not establish a maximum dollar amount for blanket certificates.

The Village should certify the availability of funds for expenditures prior to incurring obligations or use Then and Now Certificates as a means to certify funds pursuant to Ohio Rev. Code Section 5705.41(D).

Official's Response: Since the implementation of the UAN accounting system, the village has certified expenses with a purchase order or certificate. Attention will be given as to when a Then and Now Certificate shall be used.

3. **Ohio Rev. Code Section 5705.41(B)**

<i>Finding Number</i>	2010-003
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.41(B) requires no subdivision or taxing authority to expend money unless it has been appropriated.

At December 31, 2009, the following funds had expenditures that exceeded appropriations:

Fund	Appropriations	Actual Expenditures	Variance
Park	\$0	\$454	(\$454)
State Highway	2,800	4,924	(2,124)
Cemetery	4,200	4,504	(304)
Capital Improvement	0	20,752	(20,752)

As a result, there is an increased risk that the Village could overspend a respective fund's cash balance.

Village Council and the Fiscal Officer should periodically compare expenditures to appropriations. If additional appropriations are needed, Village Council and the Fiscal Officer should take the necessary steps to adopt supplemental appropriations, if appropriate, to help prevent expenditures from exceeding appropriations and reduce the risk that a respective fund's cash balance could become negative.

Official's Response: The UAN system serves as a check to keep this from happening. Resolutions are passed if needed to supplement the appropriations.

4. **Financial Reporting**

<i>Finding Number</i>	2010-004
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MATERIAL WEAKNESS

As a result of the audit procedures performed, errors were noted in the financial statements that required audit reclassifications as follows:

- In 2010 and 2009, \$1,842 and \$433, respectively, of tangible personal property tax intergovernmental receipts were improperly recorded as property tax receipts in the General Fund and \$1,820 and \$429, respectively, of tangible personal property tax intergovernmental receipts were improperly recorded as property tax receipts in the Special Revenue Funds.
- In 2009, \$3,188 and \$611 of homestead and rollback intergovernmental receipts were improperly recorded as property tax receipts in the General and Special Revenue Funds, respectively.
- In 2009, \$118 and \$27 of kilowatt tax intergovernmental receipts were improperly recorded as property tax receipts in the General and Special Revenue Funds, respectively.
- In 2009, \$1,020 of other revenues were improperly recorded as intergovernmental receipts in the Special Revenue Funds.

The financial statements have been adjusted accordingly.

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Village Council, to identify and correct errors and omissions. The Fiscal Officer should also review the Village Handbook to help ensure receipts and expenditures are posted to the proper fund and line item.

Official's Response: I believe these revenues are now being recorded correctly.

**VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-VPWTC-001	Village was incomplete in recording receipts and disbursements and budgetary information.	No	Not corrected – moved to the Management Letter
2008-VPWTC-002	Ohio Revised Code Section 5705.41 (D) (1) and 5705.41 (D) (3): Non-certification of the availability of funds prior to incurring the obligation for expenditures.	No	Finding 2010-003
2008-VPWTC-003	Ohio Revised Code Section 5705.39: Appropriations exceeded estimated resources.	No	Finding 2010-002
2008-VPWTC-004	Ohio Revised Code Section 5705.41(B): Disbursements in excess of appropriations.	No	Finding 2010-004
2008-VPWTC-005	Ohio Constitution Article XII, Section 5a: non-allocation of interest income to the SCMR and State Highway Funds.	No	Not corrected – moved to the Management Letter
2008-VPWTC-006	Village receipts and disbursements were incorrectly recorded on the Annual Financial Reports.	Yes	Corrected

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Dave Yost • Auditor of State

VILLAGE OF PORT WASHINGTON

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 25, 2011