

**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2001 and 2000

BYRON SCHAURER, CLERK



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Township Trustees
Washington Township
P.O. Box 232
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We have reviewed the Independent Auditor's Report of Washington Township, Miami County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2000 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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JIM PETRO
Auditor of State

May 13, 2002

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**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Fund Balances - All Fund Types - Cash Basis - December 31, 2001 and 2000	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - For the Year Ended December 31, 2001	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - For the Year Ended December 31, 2000	5
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - For the Year Ended December 31, 2000	6
Notes to the Financial Statements	7 - 16
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	17 - 18

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TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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Independent Auditor's Report

Board of Trustees and Clerk
Washington Township, Miami County
P.O. Box 232
Piqua, OH 45356

We have audited the accompanying financial statements of the Washington Township, Miami County, as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Washington 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 Washington 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 the Washington Township, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances 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 15, 2002, on our consideration of the Washington Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

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 15, 2002

**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF FUND BALANCES
ALL FUND TYPES - CASH BASIS -
DECEMBER 31, 2001 AND 2000

<u>Cash and Investments</u>	<u>2001</u>	<u>2000</u>
Cash and Cash Equivalents	\$ 131,685	\$ 138,607
Investments	<u>244,302</u>	<u>234,538</u>
Total Cash and Investments	<u>\$ 375,987</u>	<u>\$ 373,145</u>
<u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 251,325	\$ 228,273
Special Revenue Funds	<u>124,662</u>	<u>144,872</u>
Total Governmental Fund Types	<u>375,987</u>	<u>373,145</u>
Total Fund Balances	<u>\$ 375,987</u>	<u>\$ 373,145</u>

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

**WASHINGTON TOWNSHIP
MIAMI 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, 2001

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Local taxes	\$ 28,624	\$ 27,867	\$ 56,491
Intergovernmental	138,750	60,946	199,696
Licenses, permits and fees	22,169	-	22,169
Interest	8,161	2,714	10,875
Miscellaneous	25	-	25
Total cash receipts	197,729	91,527	289,256
Cash disbursements:			
Current:			
General government	67,111	-	67,111
Public safety	62,887	-	62,887
Public works	32,425	104,809	137,234
Health	12,194	-	12,194
Capital outlay	742	6,928	7,670
Total cash disbursements	175,359	111,737	287,096
Total cash receipts over/(under) cash disbursements	22,370	(20,210)	2,160
Other financing receipts:			
Other sources	682	-	682
Total other financing receipts	682	-	682
Excess of cash receipts and other financing sources over/(under) cash disbursements	23,052	(20,210)	2,842
Cash fund balances, January 1, 2001	228,273	144,872	373,145
Cash fund balances, December 31, 2001	\$ 251,325	\$ 124,662	\$ 375,987

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

**WASHINGTON TOWNSHIP
MAMI COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL -
FOR THE YEAR ENDED DECEMBER 31, 2001

Fund Types	Receipts				Disbursements				Variance Favorable (Unfavorable)			
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2001 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2001 Appropriations	Total		Actual 2001 Disbursements	Encumbrances Outstanding at 12/31/01	Total
Governmental:												
General	\$ 223,272	\$ 134,885	\$ 358,157	\$ 198,411	\$ 63,526	\$ -	\$ 283,000	\$ 283,000	\$ 175,359	\$ -	\$ 175,359	\$ 107,641
Special Revenue	134,872	96,193	231,065	91,527	(4,666)	30	221,000	221,030	111,737	30	111,767	109,263
Total (Memorandum Only)	\$ 358,144	\$ 231,078	\$ 589,222	\$ 289,938	\$ 58,860	\$ 30	\$ 504,000	\$ 504,030	\$ 287,096	\$ 30	\$ 287,126	\$ 216,904

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

**WASHINGTON TOWNSHIP
MIAMI 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, 2000

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Local taxes	\$ 26,800	\$ 26,042	\$ 52,842
Intergovernmental	133,228	65,205	198,433
Licenses, permits and fees	23,280	-	23,280
Interest	11,418	3,720	15,138
Miscellaneous	25	-	25
Total cash receipts	194,751	94,967	289,718
Cash disbursements:			
Current:			
General government	69,770	-	69,770
Public safety	62,533	-	62,533
Public works	-	36,681	36,681
Health	10,418	-	10,418
Capital outlay	22,000	22,346	44,346
Total cash disbursements	164,721	59,027	223,748
Total cash receipts over cash disbursements	30,030	35,940	65,970
Other financing receipts:			
Other sources	74	5,723	5,797
Sale of fixed assets	6,095	7,145	13,240
Total other financing receipts	6,169	12,868	19,037
Excess of cash receipts and other financing sources over cash disbursements	36,199	48,808	85,007
Cash fund balances, January 1, 2000	192,074	96,064	288,138
Cash fund balances, December 31, 2000	\$ 228,273	\$ 144,872	\$ 373,145

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

**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL -
FOR THE YEAR ENDED DECEMBER 31, 2000

Fund Types	Receipts				Disbursements				Variance Favorable (Unfavorable)			
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2000 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2000 Appropriations	Total		Actual 2000 Disbursements	Encumbrances Outstanding at 12/31/00	Total
Governmental:												
General	\$ 187,073	\$ 132,354	\$ 319,427	\$ 200,920	\$ 68,566	\$ -	\$ 306,950	\$ 306,950	\$ 164,721	\$ -	\$ 164,721	\$ 142,229
Special Revenue	95,062	87,916	182,978	107,835	19,919	-	172,000	172,000	59,027	30	59,057	112,943
Total (Memorandum Only)	\$ 282,135	\$ 220,270	\$ 502,405	\$ 308,755	\$ 88,485	\$ -	\$ 478,950	\$ 478,950	\$ 223,748	\$ 30	\$ 223,778	\$ 255,172

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

**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

NOTE 1 - DESCRIPTION OF THE ENTITY

Washington 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 but not limited to road maintenance, emergency medical services, fire protection and cemetery maintenance.

Management believes the financial statements included in this report represent all of the funds over which the Township officials have direct operating control.

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.

**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

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 for constructing, maintaining and repairing Township roads.

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

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.

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 tax budget, 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 item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Township's Council. No budgetary modifications were legally enacted during 2001 and three budgetary modifications were legally enacted during 2000.

**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

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

Tax Budget:

A budget of estimated cash receipts and disbursements is 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. All funds are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

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 unencumbered 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 finds 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 three supplemental appropriations during 2000 and none in 2001.

**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

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.

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. The Township had an outstanding encumbrance at December 31, 2000, only.

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 held by the treasurer is credited to its respective funds. Interest income earned and received by the Township totaled \$10,875 and \$15,138 for the years ended December 31, 2001 and 2000, 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.

**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

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

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.

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains individual cash balances in bank accounts and short-term cash equivalents classified as "Cash and Cash Equivalents" on the Statement of Fund Balances.

A. LEGAL REQUIREMENTS

Statutes require the classifications of funds held by the Township into three categories:

Category 1 consists of active funds - those funds required to be kept in a cash or cash equivalent status for immediate use by the Township. Such funds must be maintained either as cash in the Township treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of inactive funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of interim funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency, or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

The Township may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default principal, interest or coupons;
3. Obligations to the Township.

**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the Township has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township and must be purchased with the expectation that it will be held to maturity.

B. CASH AND INVESTMENTS

The Township maintains a cash and investments 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>2001</u>	<u>2000</u>
Deposits:		
Demand deposits	\$131,685	\$138,607
Investments:		
STAR Ohio	<u>244,302</u>	<u>234,538</u>
Total deposits and investments	<u>\$375,987</u>	<u>\$373,145</u>

C. DEPOSITS

For the years ended December 31, 2001 and 2000, the carrying amount of the Township's deposits, were \$131,686 and \$138,607, and the bank balance was \$131,686 and \$143,493, respectively. Of the bank balance:

1. \$100,000 and \$100,000 was covered by federal depository insurance for 2001 and 2000, respectively.
2. \$31,686 and \$43,493 for 2001 and 2000, respectively was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township held to a successful claim by the FDIC.

**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

D. INVESTMENTS

For the years ended December 31, 2001 and 2000, the Township held investments in STAR Ohio. Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form and therefore are not categorized as to the level of risk assumed by the Township.

NOTE 4 - 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.

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

NOTE 5 - RETIREMENT SYSTEM

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

**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 5 - RETIREMENT SYSTEM - (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. As of December 31, 2001, the Township has paid all contributions required through December 31, 2001 and 2000.

NOTE 6 - 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 members' 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.

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.

**WASHINGTON TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 6 - RISK MANAGEMENT

Financial Position

OTARMA's financial statements (audited by other accountants) conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2000 which is the latest available data:

<u>Casualty Coverage</u>	<u>2000</u>
Assets	\$22,684,383
Liabilities	<u>8,924,977</u>
Retained earnings	<u>\$13,759,406</u>
 <u>Property Coverage</u>	 <u>2000</u>
Assets	\$4,156,784
Liabilities	<u>497,831</u>
Retained earnings	<u>\$3,658,953</u>

NOTE 7- 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 and Clerk
Washington Township, Miami County
P.O. Box 232
Piqua, OH 45356

We have audited the financial statements of the Washington Township, Miami County, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 15, 2002. 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 Washington Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to the management of Washington Township in a separate letter dated February 15, 2002.

Board of Trustees and Clerk
Washington Township

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Washington 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 reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to 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 15, 2002.

This report is intended for the information of the Board of Trustees 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 15, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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WASHINGTON TOWNSHIP

MIAMI 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
MAY 21, 2002**