

**TUSCARAWAS TOWNSHIP
COSHOCTON COUNTY**

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2007 – 2008



Mary Taylor, CPA

Auditor of State

Board of Trustees
Tuscarawas Township
115 West Liberty Street
P.O. Box 664
Coshocton, Ohio 43812

We have reviewed the *Independent Auditor's Report* of Tuscarawas Township, Coshocton County, prepared by Kennedy Cottrell Richards, for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Tuscarawas Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 17, 2009

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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**TUSCARAWAS TOWNSHIP
COSHOCOTON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Tuscarawas Township
Coshocton County
714 Cedar Street
Coshocton, Ohio 43812

To the Board of Trustees:

We have audited the accompanying financial statements of the Tuscarawas Township, Coshocton County, (the "Township") as of and for the years ended December 31, 2008 and 2007. 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 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township 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 requires presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township 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 Townships to reformat their statements. The Township 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, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, 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 Township as of and for the years ended December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township 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 May 8, 2009, 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. 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.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
May 8, 2009

**TUSCARAWAS TOWNSHIP
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Government Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$ 85,840	\$ 42,242	\$ -	\$ 128,082
Intergovernmental	24,242	103,065	-	127,307
Interest	7,353	1,774	-	9,127
Miscellaneous	3,345	18	-	3,363
	<u>120,780</u>	<u>147,099</u>	<u>-</u>	<u>267,879</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	92,309	-	-	92,309
Public Works	10,584	126,014	-	136,598
Health	7,000	-	-	7,000
Capital Outlay	-	1,259	34,519	35,778
Debt Service:				
Principal	-	15,858	-	15,858
Interest	-	2,945	-	2,945
	<u>109,893</u>	<u>146,076</u>	<u>34,519</u>	<u>290,488</u>
Total Cash Disbursements				
Total Cash Receipts Over (Under) Cash Disbursements	<u>10,887</u>	<u>1,023</u>	<u>(34,519)</u>	<u>(22,609)</u>
Other Financing Receipts (Disbursements):				
Sale of Capital Assets	50	-	-	50
Advances In	-	-	60,000	60,000
Advances Out	(60,000)	-	-	(60,000)
	<u>(59,950)</u>	<u>-</u>	<u>60,000</u>	<u>50</u>
Total Other Financing Receipts (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(49,063)	1,023	25,481	(22,559)
Fund Cash Balances, January 1	<u>279,546</u>	<u>130,692</u>	<u>-</u>	<u>410,238</u>
Fund Cash Balances, December 31	<u><u>\$ 230,483</u></u>	<u><u>\$ 131,715</u></u>	<u><u>\$ 25,481</u></u>	<u><u>\$ 387,679</u></u>

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

**TUSCARAWAS TOWNSHIP
COSHOCTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Government Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$ 88,705	\$ 39,643	\$ 128,348
Intergovernmental	38,817	101,811	140,628
Interest	10,650	2,417	13,067
Miscellaneous	2,155	-	2,155
	<u>140,327</u>	<u>143,871</u>	<u>284,198</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	93,207	-	93,207
Public Works	23,650	114,584	138,234
Health	5,233	5,292	10,525
Capital Outlay	-	-	-
Debt Service:			
Principal	-	15,858	15,858
Interest and Fiscal Charges	-	3,687	3,687
	<u>122,090</u>	<u>139,421</u>	<u>261,511</u>
Total Cash Disbursements			
Total Cash Receipts Over (Under) Cash Disbursements	<u>18,237</u>	<u>4,450</u>	<u>22,687</u>
Other Financing Receipts (Disbursements):			
Sale of Fixed Assets	39,000	-	39,000
	<u>39,000</u>	<u>-</u>	<u>39,000</u>
Total Other Financing Receipts (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	<u>57,237</u>	<u>4,450</u>	<u>61,687</u>
Fund Cash Balances, January 1	<u>222,309</u>	<u>126,242</u>	<u>348,551</u>
Fund Cash Balances, December 31	<u>\$ 279,546</u>	<u>\$ 130,692</u>	<u>\$ 410,238</u>

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

**TUSCARAWAS TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Township of Tuscarawas, Coshocton County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, including road, bridge maintenance, and fire protection, contracted with Three Rivers Fire District.

The Township's management believes these financial statements present all activities for which the Township 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 Township 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. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township 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

**TUSCARAWAS TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Township had the following significant Special Revenue Funds:

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

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

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Permissive Motor Vehicle License Fund – This fund receives county motor vehicle license tax money for the construction, repair, and maintenance of township roads and bridges.

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 Township had the following significant capital project funds

Public Works Construction Fund – This fund tracks Township matching requirements on an OPWC grant administered by the County to improve storm sewers on 6th Street.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**TUSCARAWAS TOWNSHIP
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township 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 Township 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:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$207,120	\$229,678
STAR Ohio	180,559	180,560
Total deposits and investments	<u>\$387,679</u>	<u>\$410,238</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

Investments:

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**TUSCARAWAS TOWNSHIP
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 are as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$109,575	\$120,830	\$11,255
Special Revenue	148,025	147,099	(926)
Capital Projects	0	0	0
Total	<u>\$257,600</u>	<u>\$267,929</u>	<u>\$10,329</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$328,163	\$109,893	\$218,270
Special Revenue	278,488	146,076	132,412
Capital Projects	60,000	34,519	25,481
Total	<u>\$666,651</u>	<u>\$290,488</u>	<u>\$376,163</u>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$120,949	\$179,327	\$58,378
Special Revenue	145,661	143,871	(1,790)
Total	<u>\$266,610</u>	<u>\$323,198</u>	<u>\$56,588</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$343,257	\$122,090	\$221,167
Special Revenue	271,903	139,421	132,482
Total	<u>\$615,160</u>	<u>\$261,511</u>	<u>\$353,649</u>

**TUSCARAWAS TOWNSHIP
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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.

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.

5. Notes Payable

Notes payable outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Notes Payable	\$47,576	4.65%
Total	\$47,576	

The Township entered into a notes payable agreement in 2006 to finance the purchase of a new dump truck and spreading equipment for Township road maintenance.

Amortization of the above notes payable, including interest, is scheduled as follows:

Year ending December 31:	Principal	Interest	Total
2009	\$15,858	\$2,209	\$18,067
2010	15,858	1,475	17,333
2011	15,860	737	16,597
Total	\$47,576	\$4,421	\$51,997

6. Retirement Systems

The Township's elected officials and 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 postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, members of PERS contributed 10% and 9.5% of their gross salaries. The Township contributed an amount equal to 14% and 13.85% of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2008.

**TUSCARAWAS TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. Risk Management

The Township has obtained commercial insurance for the following risks:

- General liability and casualty;
- Vehicles, and;
- Property, including electronic data equipment.

INDEPENDENT AUDITOR'S 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

Tuscarawas Township
Coshocton County
714 Cedar Street
Coshocton, Ohio 43812

To the Board of Trustees:

We have audited the financial statements of the Tuscarawas Township, Coshocton County, Ohio, (the "Township") as of and for the years ended December 31, 2008 and December 31, 2007, and have issued our report thereon dated May 8, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional matters that we reported to management of the Township in a separate letter dated May 8, 2009.

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



Kennedy Cottrell Richards LLC
May 8, 2009



Mary Taylor, CPA
Auditor of State

TUSCARAWAS TOWNSHIP

COSHOCTON 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
JUNE 30, 2009**