

***WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 1998 & 1999***

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

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215

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Board of Trustees  
Warwick Township  
Uhrichsville, Ohio

We have reviewed the Independent Auditor's Report of the Warwick Township, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 1998 through December 31, 1999. 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. The Warwick Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

July 13, 2000

**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 1998 and 1999**

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**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 1998 and 1999**

<u>ELECTED OFFICIALS</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>SURETY PERIOD</u>
Keith Pretorius 4438 State Rt. 416 SE New Philadelphia, Ohio 44663	Chairman	1/1/98 to 12/31/01	A	1/1/98 – 12/31/01
Herbert Heldt	Trustee	1/1/96 to 12/31/99	A	1/1/96 – 12/31/99
Benjamin Roth	Trustee	1/1/98 to 12/31/01	A	1/1/98 – 12/31/01

**APPOINTED OFFICIALS**

June M. Pool	Clerk	4/1/96 to 3/31/00	B	4/1/96 – 3/31/00
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**Statutory Legal Counsel**

Amanda Spies Bornhorst, Prosecuting Attorney  
Tuscarawas County Courthouse  
New Philadelphia, Ohio 44663

Township Address  
6278 Buckeye Hollow Road S.E.  
Uhrichville, Ohio 44683

A Western Surety Company \$1,500

B Western Surety Company \$5,000

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

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

**REPORT OF INDEPENDENT ACCOUNTANTS**

**Board of Trustees  
Warwick Township  
Uhrichsville, Ohio**

We have audited the accompanying financial statements of Warwick Township (the Township), as of and for the years ended December 31, 1998 and 1999, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with general accepted accounting standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on a prescribed basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash, investments and fund cash balances of the Township, as of December 31, 1998 and 1999, and the receipts, expenditures, and changes in fund cash balances, its statements of receipts – budget and actual and statements of expenditures and encumbrances compared with expenditure authority for the years then ended in conformity with the basis of accounting referred to above.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 29, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under Ohio Revised Code Section 117.26, and is not intended to be and should not be used by anyone other than these specified parties.

*Charles E. Harris & Associates*  
*Charles E. Harris and Associates*  
June 29, 2000

**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
COMBINED STATEMENT OF CASH, INVESTMENTS AND  
FUND CASH BALANCES – ALL FUND TYPES  
For the Year Ended December 31, 1998 and 1999**

		1998 Balances		1999 Balances
Cash and Cash Equivalents	\$	96,795	\$	143,074
	\$	96,795	\$	143,074

*Cash Balances By Fund Class*

Governmental Fund Types:

General Fund	\$	28,298	\$	46,482
Special Revenue Funds		68,497		96,592
Fund Balance	\$	96,795	\$	143,074

See accompanying Notes to the Financial Statements.

**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 1998 and 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

F. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Clerk by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Clerk. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 1998 and 1999.

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 1998 and 1999. However, those fund balances are available for appropriation.

**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN FUND  
CASH BALANCES – ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
<b>Receipts:</b>			
Taxes	\$ 12,561	62,490	\$ 75,051
Intergovernmental	50,737	67,975	118,712
Other	2,733	3,251	5,984
<b>Total Receipts</b>	<b>66,031</b>	<b>133,716</b>	<b>199,747</b>
<b>Expenditures:</b>			
General Government	43,302	-	43,302
Public Safety	-	16,863	16,863
Public Works	-	71,105	71,105
Health	1,246	-	1,246
Conservation	3,299	-	3,299
Miscellaneous	-	245	245
Capital Outlay	-	17,408	17,408
<b>Total Expenditures</b>	<b>47,847</b>	<b>105,621</b>	<b>153,468</b>
<b>Total Receipts Over/(Under) Expenditures</b>	<b>18,184</b>	<b>28,095</b>	<b>46,279</b>
Fund Balance January 1, 1999	28,298	68,497	96,795
Fund Balance December 31, 1999	\$ 46,482	\$ 96,592	\$ 143,074



**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS – BUDGET AND ACTUAL  
For the Year Ended December 31, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Fund Types/Funds:			
Governmental Funds:			
General Fund	\$ 68,577	\$ 67,810	\$ (767)
Special Revenue Funds	<u>139,176</u>	<u>123,000</u>	<u>(16,176)</u>
Total (Memorandum Only)	<u>\$ 207,753</u>	<u>\$ 190,810</u>	<u>\$ (16,943)</u>

See accompanying Notes to the Financial Statements.

**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
COMBINED STATEMENT OF EXPENDITURES AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
For the Year Ended December 31, 1998**

<u>Fund Types/Fund</u>	<u>Carryover Appropriation</u>	<u>Year Ending 1998 Appropriation</u>	<u>Total</u>	<u>Actual 1998 Expenditures</u>	<u>Encumbrances as of 12/31/98</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
General Fund	-	\$ 68,577	\$ 68,577	\$ 52,919	-	\$ 52,919	\$ 15,658
Special Revenue Funds	-	139,176	139,176	80,854	-	80,854	58,322
<b>Total (Memorandum Only)</b>	<b>-</b>	<b>\$ 207,753</b>	<b>\$ 207,753</b>	<b>\$ 133,773</b>	<b>-</b>	<b>\$ 133,773</b>	<b>\$ 73,980</b>

Governmental Funds:

See accompany Notes to the Financial Statements.

**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS – BUDGET AND ACTUAL  
For the Year Ended December 31, 1999**

Fund Types/Funds:	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b>Governmental Funds:</b>			
General Fund	\$ 61,742	\$ 66,031	\$ 4,289
Special Revenue Funds	<u>121,675</u>	<u>133,716</u>	<u>12,041</u>
<b>Total (Memorandum Only)</b>	<b>\$ <u>183,417</u></b>	<b>\$ <u>199,747</u></b>	<b>\$ <u>16,330</u></b>

See accompanying Notes to the Financial Statements.

**WARWICK TOWNSHIP**  
**TUSCARAWAS COUNTY, OHIO**  
**COMBINED STATEMENT OF EXPENDITURES AND**  
**ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY**  
**For the Year Ended December 31, 1999**

<u>Fund Types/Fund</u>	<u>Carryover</u> <u>Appropriation</u>	<u>Year Ending</u> <u>1999</u> <u>Appropriation</u>	<u>Total</u>	<u>Actual</u> <u>1999</u> <u>Expenditures</u>	<u>Encumbrances</u> <u>as of</u> <u>12/31/99</u>	<u>Total</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
General Fund	\$ -	\$ 61,742	\$ 61,742	\$ 47,847	\$ -	\$ 47,847	\$ 13,895
Special Revenue Funds	-	121,675	121,675	105,620	-	105,620	16,055
<b>Total (Memorandum Only)</b>	<b>\$ -</b>	<b>\$ 184,417</b>	<b>\$ 184,417</b>	<b>\$ 153,467</b>	<b>\$ -</b>	<b>\$ 153,467</b>	<b>\$ 29,950</b>

Governmental Funds:

**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 1998 and 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

Warwick Township, Tuscarawas County, (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member board. The Township provides general governmental services, including road and cemetery maintenance. The Township collects a 1 mill levy for the Warwick Volunteer Fire Department to provide fire protection to the residents of the Township and a 1 mill levy for fire equipment.

Management believes the financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

**B. REPORTING ENTITY**

In evaluating how to define the Township for financial reporting purpose, management has considered all agencies, departments and organizations making up the Warwick Township (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Township, as the primary government, is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and 1) the Township is able to significantly influence the programs or services performed or provided by the organization; or 2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or 3) the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Township has determined that there were no component units required to be included the financial statements.

**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 1998 and 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

C. BASIS OF ACCOUNTING

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

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

D. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

E. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, and accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes.

**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 1998 and 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

F. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Clerk by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Clerk. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 1998 and 1999.

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 1998 and 1999. However, those fund balances are available for appropriation.

**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 1998 and 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

F. BUDGETARY PROCESS – (continued)

3. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

4. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control.

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated. In the budgetary financial statements, encumbrances are added to budgetary expenditures. The budgetary fund balance is cash minus outstanding encumbrances.

5. Total Columns on Financial Statements

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Township maintains a cash and investment pool. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, As of December 31, 1998 and 1999."



**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 1998 and 1999**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (continued)

Legal Requirements

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Township Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies may be invested 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 and interest by the United States;
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 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;

**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 1998 and 1999**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (continued)

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 of principal, interest or coupons; and

3. Obligations of the Township.

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Clerk by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

**WARWICK TOWNSHIP**  
**TUSCARAWAS COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 1998 and 1999**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (continued)

Deposits: At year end, the carrying amount of the Township's deposits were \$96,795 in 1998 and \$143,074 in 1999 and the bank balance was \$97,255 in 1998 and \$144,438 in 1999. All bank deposits in 1998 and 1999 were covered by federal depository insurance and collateralized by U.S. Government securities pooled by the depository not in the Township's name.

Investments: GASB Statement No.3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amounts and market value of investments classified by risk. Category 1 included investments that are insured or registered for which the securities are held in the counter party's trust department or agent in the Township's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the Township's name. At December 31, 1998 and 1999, the Township held no investments that would be classified as investments under GASB Statement No.3.

3. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1995.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the years ended December 31, 1997 and 1998 (received in 1998 and 1999) were \$4.80 and \$4.80, respectively, per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$4.021086 and \$4.422876 for 1997 and 1998, respectively, per \$1,000 of assessed valuation for real property classified as residential/agricultural. The effective tax rate was \$4.80 and \$4.80 for 1997 and 1998, respectively, per \$1,000 of assessed valuation for all other real property. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$4.80 and \$4.80. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio.

**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 1998 and 1999**

3. PROPERTY TAX - (continued)

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

The rate applied to tangible personal property for the years ended December 31, 1997 and 1998 (received in 1998 and 1999) was \$4.80 and \$4.80, respectively, per \$1,000 of assessed valuation.

The following represents the assessed property values for the revenues received during the years 1998 and 1999:

	<u>1998</u>		<u>1999</u>
<i>Real Property</i>			
Residential/Agricultural	\$ 12,056,140	\$	15,706,220
Commercial/Industrial	694,250		929,660
Public Utilities	25,310		25,680
 <i>Tangible Personal Property</i>			
General	228,540		285,030
Public Utilities	1,631,020		1,651,610
	<hr/>		<hr/>
<b>Total Valuation:</b>	<b>\$ 14,635,260</b>	<b>\$</b>	<b>18,598,200</b>

The Tuscarawas County Treasurer collects property tax on behalf of all taxing Townships within the county. The Tuscarawas County Auditor periodically remits to the taxing Township their portions of the taxes collected.

4. DEFINED BENEFIT PENSION PLAN

The employees of the Township are covered by the Public Employees Retirement System of Ohio. The State of Ohio accounts for the activities of the retirement system and the amounts of these funds are not reflected in the accompanying financial statements.

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

**WARWICK TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 1998 and 1999**

4. DEFINED BENEFIT PENSION PLAN – (continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. For local government employer units the rate was 13.55% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The Township's contributions for pension obligations to PERS for the years ended December 31, 1999, 1998 and 1997 were \$7,292, \$7,164 and \$6,978; respectively, which equals the required contributions for those years. The full amount has been contributed for 1997 and 1998. And 75% has been contributed for 1999.

5. POSTEMPLOYMENT BENEFITS

Public Employees Retirement Systems (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverages to age and service employees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employees; 4.2 percent was the portion that was used to fund health care.

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health and Medicare, along with investments income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB through PERS was 118,052.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

**WARWICK TOWNSHIP  
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6. RISK MANAGEMENT

The Township is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal years 1998 and 1999, the Township contracted with one insurance company for coverage of buildings and contents.

The following is a list of insurance coverages of the Township and the deductibles associated with each:

<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Municipal Property:		
Building	\$ 190,802	\$ 250
Contents	3,000	250
Misc. Property	225,523	250
Vehicle Physical Damage	241,031	250
Municipal Automobile:		
Bodily Injury & Property Damage	\$ 1,000,000	\$ 250
Medical Payments	1,000	0
Uninsured & Uninsured Motorists	100,000	0
Municipal General Liability	\$ 1,000,000	\$ 0
Public Officials Liability:		
Claim	\$ 1,000,000	\$ 500
Aggregate	1,000,000	0
Volunteer Firemen's Insurance	\$ 114,350	\$ 0

Settled claims have not exceeded commercial coverage in the past three years. Also, there have been no material reductions in coverage during the past three years.

The Township Trustees and Clerk are covered by separate bonds.

The Township pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is based on a group rating plan under the Ohio Township Association Workers' Compensation Group Rating Program. See the "Public Entity Pools" note number 7 B. for a description of the group rating program.

**WARWICK TOWNSHIP  
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Notes to the Financial Statements  
For the Years Ended December 31, 1998 and 1999**

7. PUBLIC ENTITY POOLS

A. Ohio Township Association Risk Management Authority (OTARMA)

The Ohio Township Association Risk Management Authority (OTARMA) is a public entity self-insurance pool providing property and liability coverages to over 660 Township members in the State of Ohio. OTARMA was formed as an Ohio non-profit corporation for the purpose of providing specialized risk management, loss control and claim services for Township Members. Member Townships agree to jointly participate in coverage of losses and pay all contributing costs necessary for the specified insurance coverages provided by OTARMA. These coverages include property, general liability, public officials errors and omissions, automobile liability, and auto physical damage. See the "Risk Management" note number 6 for the limits and deductible amounts for these policies.

Each member Township has one vote on all matters requiring a vote, to be cast by their designated representative. The affairs of OTARMA are managed by a six member elected Board of Directors. Only the Township's designated representatives are eligible to serve on the Board. None of the Board of Directors is from Warwick Township. The Board has adopted procedures for the operation of the OTARMA pool as outlined in the intergovernmental contract. The day-to-day services consisting of marketing, risk management, underwriting, claims, loss prevention and reinsurance placement are provided under contract with American Risk Pooling Consultants, Inc. and their marketing affiliate, Burnham & Flower Agency of Ohio, Inc. The underwriters evaluate each township individually. The underwriter determines the contribution for each member by evaluation of the risk exposures.

OTARMA is a member of American Public Entity Excess Pool. This allows OTARMA to spread its excess losses with other public entity pools throughout the country. In addition, excess aggregate casualty reinsurance has been purchased from National Reinsurance Company. Property coverages are reinsured by Munich Reinsurance Company.

B. Ohio Township Association (OTA) Workers' Compensation Group Rating Program

The Township participates in a group rating plan for workers' compensation under Bureau of Workers' Compensation group rating rules Ohio Administrative Code Rules (4123-17-61 through 4123-17-67). The purpose of the program is to provide small and medium sized safety conscious employers an alternative rating method. Group rates are

**WARWICK TOWNSHIP  
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7. PUBLIC ENTITY POOLS – (continued)

B. Ohio Township Association (OTA) Workers' Compensation Group Rating Program – (continued)

The Ohio Bureau of Workers' Compensation (BWC) remains the insurer for group rating and provides medical and compensation benefits for employees. Based on BWC rules, each group must have a sponsoring association, and members of the group must be in good standing with both the BWC and the association. The association may establish additional rules for better management of the group.

OTA has selected The Frank Gates Service Company to be the group administrator. Frank Gates will perform an annual analysis to determine group eligibility, form groups that maximize savings and reduce risk, review and file BWC payroll reports and premium payments, audit the BWC's determination of experience and rates, provide claims cost containment services, and provide hearing representation at the BWC and Industrial Commission.

8. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.



*Charles E. Harris & Associates, Inc.*  
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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 AUDIT STANDARDS**

Board of Trustees  
Warwick Township  
Uhrichsville, Ohio

We have audited the financial statements of the Warwick Township (Township) as of and for the years ended December 31, 1998 and 1999, and have issued our report thereon dated June 29, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance on which 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 certain immaterial instances of noncompliance that we have reported to the management of Warwick Township in a separate letter dated June 29, 2000.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide 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 over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material 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.

This report is intended for the information of the Board of Trustees, management, and the Auditor of State of Ohio. However, this report is a matter of public record and its distribution is not limited.

*Charles E. Harris Associates*

*Charles E. Harris and Associates*

June 29, 2000

**STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS**

**The prior audit report, as of December 31, 1996 and 1997 did not include material citations or recommendations.**



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

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**WARWICK TOWNSHIP**

**TUSCARAWAS COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**SEPTEMBER 7, 2000**