



**TUSCARAWAS TOWNSHIP
STARK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Tuscarawas Township
Stark County
956 Manchester Road, SW
North Lawrence, Ohio 44666

To the Board of Trustees:

We have audited the accompanying financial statements of Tuscarawas Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000. 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

February 28, 2002

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$26,463	\$308,746		\$335,209
Intergovernmental	170,621	107,580		278,201
Special Assessments		3,199		3,199
Licenses, Permits, and Fees	10,981	31,922		42,903
Earnings on Investments	8,777	1,431		10,208
Other	4,694	27,058		31,752
Total Cash Receipts	<u>221,536</u>	<u>479,936</u>	<u>\$0</u>	<u>701,472</u>
Cash Disbursements:				
Current:				
General Government	131,094			131,094
Public Safety		70,171		70,171
Public Works	50,000	342,330		392,330
Health	20,837	47,256		68,093
Capital Outlay	3,167	3,040		6,207
Total Cash Disbursements	<u>205,098</u>	<u>462,797</u>	<u>0</u>	<u>667,895</u>
Total Cash Receipts Over Cash Disbursements	<u>16,438</u>	<u>17,139</u>	<u>0</u>	<u>33,577</u>
Fund Cash Balances, January 1,	<u>142,920</u>	<u>305,103</u>	<u>14</u>	<u>448,037</u>
Fund Cash Balances, December 31,	<u>\$159,358</u>	<u>\$322,242</u>	<u>\$14</u>	<u>\$481,614</u>
Reserve for Encumbrances, December 31,	<u>\$30,000</u>	<u>\$20,209</u>	<u>\$0</u>	<u>\$50,209</u>

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

TUSCARAWAS TOWNSHIP
STARK COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$22,496	\$269,898	\$8,773	\$301,167
Intergovernmental	125,220	104,819		230,039
Special Assessments		3,224		3,224
Licenses, Permits, and Fees	10,550	31,946		42,496
Earnings on Investments	16,697	2,096		18,793
Other	4,613	32,561		37,174
Total Cash Receipts	<u>179,576</u>	<u>444,544</u>	<u>8,773</u>	<u>632,893</u>
Cash Disbursements:				
Current:				
General Government	107,803			107,803
Public Safety		82,779		82,779
Public Works	32,772	288,964		321,736
Health	19,643	45,301		64,944
Debt Service:				
Redemption of Principal			8,333	8,333
Interest and Fiscal Charges			440	440
Capital Outlay	3,602	6,963		10,565
Total Cash Disbursements	<u>163,820</u>	<u>424,007</u>	<u>8,773</u>	<u>596,600</u>
Total Cash Receipts Over Cash Disbursements	<u>15,756</u>	<u>20,537</u>	<u>0</u>	<u>36,293</u>
Fund Cash Balances, January 1,	<u>127,164</u>	<u>284,566</u>	<u>14</u>	<u>411,744</u>
Fund Cash Balances, December 31,	<u>\$142,920</u>	<u>\$305,103</u>	<u>\$14</u>	<u>\$448,037</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$1,964</u>	<u>\$0</u>	<u>\$1,964</u>

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

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Tuscarawas Township, Stark County, Ohio, (the Township) is a body corporate and politic established to exercise 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 road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the North Lawrence, Dalton, Brewster and Bethlehem (only for 2000) Township Fire Departments to provide fire protection and ambulance services.

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

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. Cash and Investments

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Township invests in an overnight repurchase agreement. Repurchase agreements are valued at cost.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

Road District Fund - This fund receives tax monies from road levies for constructing, maintaining and repairing Township roads.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. During 2000, the Township had a General Note Retirement Fund. This fund was used to accumulate resources for the payment of principal and interest on the Township's road department note.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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.

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 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$3,182	\$22,242
Overnight repurchase agreement	<u>478,432</u>	<u>425,795</u>
Total deposits and investments	<u><u>\$481,614</u></u>	<u><u>\$448,037</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The Township's agent holds securities collateralizing repurchase agreements. The securities are not in the Township's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended 2001 and 2000 was as follows:

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$140,635	\$221,536	\$80,901
Special Revenue	479,330	479,936	606
Debt Service	<u>1</u>	<u>0</u>	<u>(1)</u>
Total	<u><u>\$619,966</u></u>	<u><u>\$701,472</u></u>	<u><u>\$81,506</u></u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$279,365	\$235,098	\$44,267
Special Revenue	755,162	483,006	272,156
Debt Service	<u>14</u>	<u>0</u>	<u>14</u>
Total	<u><u>\$1,034,541</u></u>	<u><u>\$718,104</u></u>	<u><u>\$316,437</u></u>

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$152,121	\$179,576	\$27,455
Special Revenue	404,660	444,544	39,884
Debt Service	8,773	8,773	0
Total	\$565,554	\$632,893	\$67,339

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$279,286	\$163,820	\$115,466
Special Revenue	689,225	425,971	263,254
Debt Service	8,787	8,773	14
Total	\$977,298	\$598,564	\$378,734

4. PROPERTY TAX

Real property taxes become a lien on the January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. 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. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

During 2000, the Township paid off the remaining portion of a \$25,000, 5.28% interest rate bearing note. The note was issued in 1997 to finance the purchase of a John Deere tractor for the road department.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

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

6. RETIREMENT SYSTEM

The Township's full-time 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 2001 and 2000, members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public official's liability

The Township also provides health, dental and vision insurance coverage to full-time employees through the Stark County Schools Council of Government.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Tuscarawas Township
Stark County
956 Manchester Road, SW
North Lawrence, Ohio 44666

To the Board of Trustees:

We have audited the accompanying financial statements of Tuscarawas Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 28, 2002. We conducted our audits 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.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 management of the Township in a separate letter dated February 28, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered 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 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.

Tuscarawas Township
Stark County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

February 28, 2002



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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TUSCARAWAS TOWNSHIP

STARK 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
MARCH 26, 2002**