

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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2002 & 2003

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



**Auditor of State
Betty Montgomery**

Board of Trustees
Warwick Township

We have reviewed the Independent Auditor's Report of Warwick Township, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc. for the audit period January 1, 2002 through December 31, 2003. 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. Warwick Township is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 28, 2004

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**WARWICK TOWNSHIP
TUSCARAWAS COUNTY
AUDIT FOR YEARS ENDING 2002 and 2003**

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**WARWICK TOWNSHIP
TUSCARAWAS COUNTY
AUDIT FOR YEARS ENDING 2002 and 2003**

ELECTED OFFICIALS

<u>ELECTED OFFICIALS</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>SURETY PERIOD</u>
Keith Pretorius	Trustee	1/1/02 to 12/31/05	A	1/1/02 – 12/31/05
Robert Briggs	Chairman	1/1/04 to 12/31/07	A	1/1/04 – 12/31/07
Belle Everett	Trustee	1/1/02 to 12/31/05	A	1/1/02 – 12/31/05

APPOINTED OFFICIALS

Susan M. Robson	Clerk	4/1/04 to 12/31/07	B	4/1/04 – 3/31/08
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Statutory Legal Counsel

Michael Cochran, Prosecuting Attorney
Tuscarawas County Courthouse
New Philadelphia, Ohio 44663

Township Address
1289 Goshen Valley Road, SE
New Philadelphia, Ohio 44663

A Ohio Township Association Risk
Management Authority \$5,000

B Ohio Township Association Risk
Management Authority \$10,000

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

**Board of Trustees
Warwick Township
New Philadelphia, Ohio**

We have audited the accompanying financial statements of Warwick Township (the Township), as of and for the years ended December 31, 2002 and 2003, 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 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 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 cash, investments and fund cash balances of the Township, as of December 31, 2002 and 2003, 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 22, 2004 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 audit.

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 and Associates, Inc.
June 22, 2004

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF CASH, INVESTMENTS AND
FUND CASH BALANCES - ALL TYPES
December 31, 2002 and 2003

	<u>2002</u> <u>Balances</u>	<u>2003</u> <u>Balances</u>
Cash and Cash Equivalents	\$ 391,207	\$ 120,445
	<u>391,207</u>	<u>120,445</u>

Cash Balances by Fund Class

Governmental Fund Types:

General Fund	\$ 25,951	\$ 27,091
Special Revenue Funds	56,432	93,354
Debt Service Funds	20,000	-
Capital Projects	288,824	-
Totals	<u>\$ 391,207</u>	<u>\$ 120,445</u>

See accompanying Notes to the Financial Statements.

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, 2002

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>(Memorandum Only) Total</u>
Receipts:					
Taxes	\$ 14,400	\$ 81,816	-	-	\$ 96,216
Licenses, Permits and Fees	-	421	-	-	421
Intergovernmental	61,018	70,681	\$ 45,885	-	177,584
Interest	2,534	1,835	-	-	4,369
Other	1,205	1,673	-	-	2,878
Total Receipts	<u>79,157</u>	<u>156,426</u>	<u>45,885</u>	<u>-</u>	<u>281,468</u>
Expenditures:					
General Government	66,823	-	-	-	66,823
Public Safety	-	32,608	-	-	32,608
Public Works	-	50,091	-	-	50,091
Health	600	-	-	-	600
Conservation	2,145	-	-	-	2,145
Capital Outlay	-	10,000	53,085	-	63,085
Debt Service					
Principal Retirement	73	23,276	-	-	23,349
Interest and fiscal charges	-	224	-	-	224
Total Expenditures	<u>69,641</u>	<u>116,199</u>	<u>53,085</u>	<u>-</u>	<u>238,925</u>
Receipts over(under) expenditures	9,516	40,227	(7,200)	-	42,543
Other Financing Sources (Uses)					
Operating Transfers In	-	-	-	\$ 20,000	20,000
Operating Transfers Out	-	(20,000)	-	-	(20,000)
Proceeds of Bond Issue	-	-	12,200	-	12,200
Other financing uses	-	-	(212)	-	(212)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(20,000)</u>	<u>11,988</u>	<u>20,000</u>	<u>11,988</u>
Total Receipts and Other Financing Sources Over (Under) Expenditures and other financing Uses	9,516	20,227	4,788	20,000	54,531
Fund Balance 1/1/2002	16,435	36,205	284,036	-	336,676
Fund Balance 12/31/2002	<u>\$ 25,951</u>	<u>\$ 56,432</u>	<u>\$ 288,824</u>	<u>\$ 20,000</u>	<u>\$ 391,207</u>

See accompanying Notes to the Financial Statements.

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, 2003

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>(Memorandum Only) Total</u>
Receipts:					
Taxes	\$ 15,528	\$ 86,255	-	-	\$ 101,783
Intergovernmental	47,564	79,035	\$ 3,103	-	129,702
Interest	1,518	1,100	-	-	2,618
Other	14,594	8,491	68,400	-	91,485
Total Receipts	<u>79,204</u>	<u>174,881</u>	<u>71,503</u>	<u>-</u>	<u>325,588</u>
Expenditures:					
General Government	64,181	-	-	-	64,181
Public Safety	-	49,854	-	-	49,854
Public Works	-	88,105	-	-	88,105
Health	700	-	-	-	700
Conservation	10,019	-	-	-	10,019
Capital Outlay	3,164	-	521,784	-	524,948
Debt Service					
Principal Retirement	-	-	-	\$ 17,854	17,854
Interest and fiscal charges	-	-	-	2,146	2,146
Total Expenditures	<u>78,064</u>	<u>137,959</u>	<u>521,784</u>	<u>20,000</u>	<u>757,807</u>
Receipts over(under) expenditures	<u>1,140</u>	<u>36,922</u>	<u>(450,281)</u>	<u>(20,000)</u>	<u>(432,219)</u>
Other Financing Sources (Uses)					
Proceeds of Bond Issue	-	-	167,800	-	167,800
Other financing uses	-	-	(6,343)	-	(6,343)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>161,457</u>	<u>-</u>	<u>161,457</u>
Total Receipts and Other Financing Sources Over (Under) Expenditures and other financing Uses	1,140	36,922	(288,824)	(20,000)	(270,762)
Fund Balance 1/1/2003	25,951	56,432	288,824	20,000	391,207
Fund Balance 12/31/2003	<u><u>\$ 27,091</u></u>	<u><u>\$ 93,354</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>120,445</u></u>

See accompanying Notes to the Financial Statements.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
For the Year Ended December 31, 2002

Fund Types/Funds:	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Governmental:			
General Fund	\$ 92,944	\$ 79,157	\$ (13,787)
Special Revenue Funds	215,030	156,426	(58,604)
Debt Service Funds	196,750	20,000	(176,750)
Capital Projects Funds	274,035	58,085	(215,950)
Total (Memorandum Only)	<u>\$ 778,759</u>	<u>\$ 313,668</u>	<u>\$ (465,091)</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, 2002

<u>Fund Types/Fund</u>	<u>Carryover Appropriation</u>	<u>Year Ending 2002 Appropriation</u>	<u>Total</u>	<u>Actual 2002 Expenditures</u>	<u>Encumbrances as of 12/31/2002</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	\$ -	\$ 92,719	\$ 92,719	\$ 69,641	\$ -	\$ 69,641	\$ 23,078
Special Revenue Funds	-	185,731	185,731	136,199	-	136,199	49,532
Capital Projects Funds	-	274,035	274,035	53,297	-	53,297	220,738
Total (Memorandum Only)	<u>\$ -</u>	<u>\$ 552,485</u>	<u>\$ 552,485</u>	<u>\$ 259,137</u>	<u>\$ -</u>	<u>\$ 259,137</u>	<u>\$ 293,348</u>

See accompanying Notes to the Financial Statements.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
For the Year Ended December 31, 2003

Fund Types/Funds:	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Governmental:			
General Fund	\$ 115,007	\$ 79,204	\$ (35,803)
Special Revenue Funds	196,769	174,881	(21,888)
Debt Service Funds	50,076	-	(50,076)
Capital Projects Funds	676,023	239,303	(436,720)
Total (Memorandum Only)	<u>\$ 1,037,875</u>	<u>\$ 493,388</u>	<u>\$ (544,487)</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, 2003

<u>Fund Types/Fund</u>	<u>Carryover Appropriation</u>	<u>Year Ending 2003 Appropriation</u>	<u>Total</u>	<u>Actual 2003 Expenditures</u>	<u>Encumbrances as of 12/31/2003</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	\$ -	\$ 93,788	\$ 93,788	\$ 78,064	\$ -	\$ 78,064	\$ 15,724
Special Revenue Funds	-	203,641	203,641	137,959	-	137,959	65,682
Debt Service Fund	-	20,000	20,000	20,000	-	20,000	-
Capital Projects Funds	-	618,236	618,236	528,127	-	528,127	90,109
Total (Memorandum Only)	<u>\$ -</u>	<u>\$ 935,665</u>	<u>\$ 935,665</u>	<u>\$ 764,150</u>	<u>\$ -</u>	<u>\$ 744,150</u>	<u>\$ 171,515</u>

See accompanying Notes to the Financial Statements.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003

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, 2002 and 2003

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.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

E. FUND ACCOUNTING - (continued)

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. Special revenue funds follow:

- Motor Vehicle License Tax
- Gasoline Tax
- Road and Bridge
- Fire District
- Fire Apparatus
- Emergency Medical Services

Capital Projects: These funds are used to account for proceeds restricted to the acquisition of capital assets. Capital projects funds follow:

- Public Works Projects
- Miscellaneous Capital Projects

Debt Service: This fund is used to account for proceeds restricted to debt service, principal and interest.

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

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Estimated Resources - (continued)

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 2002 and 2003.

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 2002 and 2003. However, those fund balances are available for appropriation.

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.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

5. Total Columns on the 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. Inter-fund-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, 2002 and 2003."

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.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003

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

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;
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.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (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. 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".

Deposits: At year-end, the carrying amount of the Township's deposits were \$391,207 in 2002 and \$120,445 in 2003 and the bank balance was \$399,882 in 2002 and \$133,274 in 2003. Of the bank balance,

1. \$100,000 in 2002 and 2003 was covered by the FDIC.
2. \$291,207 in 2002 and \$20,445 in 2003 was uninsured, but collateralized.

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

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003

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

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, 2002 and 2003, 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 2001.

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 State Board of Tax Equalization adjusts the tax rates for inflation. 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. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as Intergovernmental Receipts.

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 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,

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003**

4. DEFINED BENEFIT PENSION PLAN - (continued)

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).

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. The full amount has been contributed for each year.

5. DEBT

In 2002, the Township issued general obligation bonds in the amount of \$180,000 to construct a maintenance/fire facility. The Township paid \$17,854 for principal and \$2,146 for interest during 2003. The outstanding balance for these G.O. Bonds as of December 31, 2003 was \$162,146. These bonds will be paid off as follows:

<u>Year</u>	<u>Amount</u>
2004	\$11,417
2005	11,375
2006	11,327
2007	11,375
2008	11,414
2009-2013	56,948
2014-2018	56,880
2019-2023	56,820
2024-2028	56,889
2029-2032	<u>45,531</u>
Total Payments	\$329,976
Less interest	<u>167,830</u>
Principal	<u>\$162,146</u>

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.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003**

6. RISK MANAGEMENT - (continued)

During the fiscal years 2002 and 2003, 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	\$ 614,400	\$ 250
Contents	15,500	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 7B. for a description of the group rating program.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003

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.

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 determined by the combined claim and payroll histories of the grouped employees. Only those townships with good claim histories are eligible to participate in the Ohio Township Association (OTA) program, thereby reducing risk and increasing savings. Each township participating must re-qualify each year.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003**

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.

9. FUND TRANSFERS

The Township transferred \$20,000 from the Gasoline Tax Fund to the Debt Service fund to pay principal and interest on the Township Maintenance/Fire facility in accordance with the Ohio Revised Code.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PREFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Trustees
Warwick Township
New Philadelphia, Ohio**

We have audited the financial statements of the Warwick Township (Township) as of and for the years ended December 31, 2002 and 2003, and have issued our report thereon dated June 22, 2004. 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 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*.

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.

**Warwick Township
Tuscarawas County
Independent Accountants' Report on Compliance and on
Internal Control Required by Government Auditing Standards**

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

Charles E. Harris and Associates, Inc.
June 22, 2004

STATUS OF PRIOR YEAR CITATIONS AND RECOMMENDATIONS

The prior report, for the period ending December 31, 2001 and 2000, did not include material citations or recommendations.

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**Auditor of State
Betty Montgomery**

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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
JULY 20, 2004**