



Mary Taylor, CPA
Auditor of State

VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Modified Cash Basis.....	11
Statement of Activities – Modified Cash Basis.....	12
Fund Financial Statements:	
Statement of Modified Cash Basis Assets and Fund Balances Governmental Funds	13
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis General Fund.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Street Construction and Repair Fund.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis ODNR Boat Ramp Grant Fund.....	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Street Levy Fund	18
Statement of Fund Net Assets – Modified Cash Basis Proprietary Funds	19
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets – Modified Cash Basis Proprietary Funds	20
Notes to the Basic Financial Statements	21
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	35
Schedule of Findings.....	37
Schedule of Prior Audit Findings.....	40

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Tuscarawas
Tuscarawas County
522 East Cherry Street, PO Box 388
Tuscarawas, Ohio 44682

To the Honorable Mayor and Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tuscarawas, Tuscarawas County, Ohio, (the Village) as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tuscarawas, Tuscarawas County, Ohio, as of December 31, 2006, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Street Construction and Repair, ODNR Boat Ramp and Street Levy Funds, thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2006, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

August 10, 2007

**Village of Tuscarawas
Tuscarawas County**

**Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited**

This discussion and analysis of the Village of Tuscarawas' financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2006, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$58,120 or 42.5 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund. The Village received more property tax and income tax revenues due to an increase in the property tax base.

The Village's largest sources of receipts for 2006 were capital grants and contributions which represents 25.6 percent of the total cash received for governmental activities during the year. The capital grants and contributions increased significantly due to grants received for the Village's boat ramp project.

Net assets of business-type activities increased \$53,625 or 33.0 percent, a significant change from the prior year. The Village's water fund increased 38.9 percent, due primarily to a reduction in the amount spent on capital outlay projects.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**Village of Tuscarawas
Tuscarawas County**

**Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited**

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well, such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities - Most of the Village's basic services are reported here, including police, fire, streets and parks. State grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity - The Village's business-type activities include the operation of a water and sewer system. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds, not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

**Village of Tuscarawas
Tuscarawas County**

**Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited**

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Street Construction and Repair, and ODNR Boat Ramp Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three enterprise funds, the water fund, the sewer fund and the sewer capital assessment fund.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2006 compared to 2005 on a modified cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Cash and Cash Equivalents	\$194,905	\$136,785	\$216,039	\$162,414	\$410,944	\$299,199
Net Assets						
Restricted for:						
Capital Outlay		\$4,200				\$4,200
Other Purposes	\$127,149	101,067			\$127,149	101,067
Unrestricted	67,756	31,518	\$216,039	\$162,414	283,795	193,932
Total Net Assets	\$194,905	\$136,785	\$216,039	\$162,414	\$410,944	\$299,199

As mentioned previously, net assets of governmental activities increased \$58,120 or 42.5 percent during 2006. The primary reason contributing to the increases in cash balances was an increase in municipal income tax and grants and entitlements not restricted to specific programs and decreases in leisure time activities and capital outlay disbursements.

Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2005 for governmental activities, business-type activities and total primary government.

**Village of Tuscarawas
Tuscarawas County**

**Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited**

(Table 2)

Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$72,753	\$63,686	\$235,890	\$231,602	\$308,643	\$295,288
Operating Grants and Contributions	42,638	41,634			42,638	41,634
Capital Grants and Contributions	112,032	250,600			112,032	250,600
Total Program Receipts	227,423	355,920	235,890	231,602	463,313	587,522
General Receipts:						
Property and Other Local Taxes	60,757	62,211			60,757	62,211
Income Taxes	75,962	62,051			75,962	62,051
Other Taxes	383				383	0
Grants and Entitlements Not						
Restricted to Specific Programs	57,110	41,084			57,110	41,084
Interest	13,483	8,677			13,483	8,677
Miscellaneous	2,479	4,213			2,479	4,213
Loans Issued		74,518			0	74,518
Total General Receipts	210,174	252,754	0	0	210,174	252,754
Total Receipts	437,597	608,674	235,890	231,602	673,487	840,276
Disbursements:						
General Government	93,066	99,426			93,066	99,426
Security of Persons and Property:	49,757	43,667			49,757	43,667
Public Health Services	231	446			231	446
Leisure Time Activities	48,169	139,844			48,169	139,844
Community Environment	6,921	5,336			6,921	5,336
Basic Utilities	33,426	34,100			33,426	34,100
Transportation	55,352	28,956			55,352	28,956
Capital Outlay	19,792	218,108			19,792	218,108
Principal Retirement	70,907	19,968			70,907	19,968
Interest and Fiscal Charges	1,041	840			1,041	840
Other	815	250			815	250
Enterprise Activities			182,265	225,677	182,265	225,677
Total Disbursements	379,477	590,941	182,265	225,677	561,742	816,618
Excess (Deficiency) Before Transfers	58,120	17,733	53,625	5,925	111,745	23,658
Transfers		(1,298)		1,298	0	0
Increase (Decrease) in Net Assets	58,120	16,435	53,625	7,223	111,745	23,658
Net Assets, January 1	136,785	120,350	162,414	155,191	299,199	275,541
Net Assets, December 31	\$194,905	\$136,785	\$216,039	\$162,414	\$410,944	\$299,199

**Village of Tuscarawas
Tuscarawas County**

**Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited**

Program receipts represent 51.9 percent of total receipts and are primarily comprised of charges for enterprise services, and restricted intergovernmental receipts such as motor vehicle license and gas tax money and boat ramp grants.

General receipts represent 48.1 percent of the Village's total receipts, and of this amount, over 65.2 percent are local taxes, which include property taxes and municipal income taxes. State grants and entitlements represent 27.2 percent of the Village's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to less than 50 percent of General Fund unrestricted receipts.

Security of Persons and Property are the costs of police and fire protection; Leisure Time Activities are the costs of maintaining the parks and playing fields; Community Environment are costs associated with operating community parks and activities; Capital Outlay is the cost of significant project work on the Village's roads, buildings and other properties; and Transportation is the cost of maintaining the roads. The significant decrease in Leisure Time Activities is due to the boat ramp project which began in 2005 and the majority of the work was done in 2005. The significant decrease in Capital Outlay was due to an Issue II project for the East/Cherry Storm Sewer Project taking place in 2005. The significant increase in principal retirement was due to the Village paying off the ODNR Boat Ramp Loan in 2006.

Governmental Activities

If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and principle retirement, which account for 24.5 and 19.0 percent of all governmental disbursements, respectively. Transportation also represents a significant cost, about 14.6 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Village of Tuscarawas
Tuscarawas County**

**Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited**

(Table 3)

Governmental Activities

	Total Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2006	Net Cost of Services 2005
General Government	\$93,066	\$99,426	(\$86,780)	(\$96,397)
Security of Persons and Property	\$49,757	\$43,667	(\$47,533)	(\$41,875)
Public Health Services	231	446	(231)	(446)
Leisure Time Activities	48,169	139,844	66,988	(97,129)
Community Environment	6,921	5,336	(6,286)	(4,576)
Basic Utilities	33,426	34,100	12,032	10,286
Transportation	55,352	28,956	2,311	22,997
Capital Outlay	19,792	218,108	(19,792)	(6,823)
Principal Retirement	70,907	19,968	(70,907)	(19,968)
Interest and Fiscal Charges	1,041	840	(1,041)	(840)
Other	815	250	(815)	(250)
Total Expenses	\$379,477	\$590,941	(\$152,054)	(\$235,021)

Business-type Activities

The water and sewer operations of the Village are one of the biggest services the Village provides. Cash receipts and cash disbursements routinely are relatively equal. The Village sets aside a portion of sewer revenues for sewer capital projects to be used for future sewer system repairs.

The Village's Funds

Total governmental funds had receipts of \$437,598 and disbursements of \$379,478. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased due to an increase in the amount of property and income taxes received. The fund balance of the Street Levy Fund increased by \$16,552 due to the Village not spending any of the Street Levy Fund receipts.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

**Village of Tuscarawas
Tuscarawas County**

**Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited**

During 2006, the Village amended its General Fund budget several times to reflect changing circumstances. The difference between the original budgeted receipts and final budgeted receipts was \$32,000 and was due primarily to an increase in the amount of property taxes and income taxes received throughout the year. The difference between the final budgeted receipts and actual receipts was not significant. The difference between original budgeted expenditures and final budgeted expenditures was not significant. The favorable variance of \$44,656 between final budgeted expenditures and actual expenditures was due to the Village not spending as much as anticipated on general government and security of persons and property expenditures.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2006, the Village's outstanding debt was \$112,045 which included Revenue Utility Notes. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kimberly Lyons, Fiscal Officer, Village of Tuscarawas, 522 East Cherry Street, PO Box 388, Tuscarawas, Ohio 44682.

This page intentionally left blank.

VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$194,905	\$216,039	\$410,944
Net Assets			
Restricted for:			
Other Purposes	\$127,149		\$127,149
Unrestricted	67,756	\$216,039	283,795
<i>Total Net Assets</i>	\$194,905	\$216,039	\$410,944

See accompanying notes to the basic financial statements

VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$93,066	\$6,286			(\$86,780)	\$0	(\$86,780)
Security of Persons and Property	49,757	2,224			(47,533)		(47,533)
Public Health Services	231				(231)		(231)
Leisure Time Activities	48,169	3,125		\$112,032	66,988		66,988
Community Environment	6,921	635			(6,286)		(6,286)
Basic Utility Services	33,426	45,458			12,032		12,032
Transportation	55,352	15,025	\$42,638		2,311		2,311
Capital Outlay	19,792				(19,792)		(19,792)
Debt Service:							
Principal Retirement	70,907				(70,907)		(70,907)
Interest and Fiscal Charges	1,041				(1,041)		(1,041)
Other	815				(815)		(815)
<i>Total Governmental Activities</i>	<u>379,477</u>	<u>72,753</u>	<u>42,638</u>	<u>112,032</u>	<u>(152,054)</u>	<u>0</u>	<u>(152,054)</u>
Business-Type Activities							
Water	94,376	133,865				39,489	39,489
Sewer	87,889	91,014				3,125	3,125
Sewer Capital Assessment		11,011				11,011	11,011
<i>Total Business-Type Activities</i>	<u>182,265</u>	<u>235,890</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>53,625</u>	<u>53,625</u>
Total	<u>\$561,742</u>	<u>\$308,643</u>	<u>\$42,638</u>	<u>\$112,032</u>	<u>(\$152,054)</u>	<u>\$53,625</u>	<u>(\$98,429)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes							
					60,757		60,757
Municipal Income Taxes							
					75,962		75,962
Other Taxes							
					383		383
Grants and Entitlements not Restricted to Specific Programs							
					57,110		57,110
Earnings on Investments							
					13,483		13,483
Miscellaneous							
					2,479		2,479
<i>Total General Receipts</i>					<u>210,174</u>	<u>0</u>	<u>210,174</u>
<i>Change in Net Assets</i>					<u>58,120</u>	<u>53,625</u>	<u>111,745</u>
<i>Net Assets Beginning of Year</i>					<u>136,785</u>	<u>162,414</u>	<u>299,199</u>
<i>Net Assets End of Year</i>					<u>\$194,905</u>	<u>\$216,039</u>	<u>\$410,944</u>

See accompanying notes to the basic financial statements

VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Street Construction and Repair	ODNR Boat Ramp	Street Levy	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$67,756	\$37,660	\$1,699	\$47,098	\$40,692	\$194,905
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$67,756					67,756
Special Revenue Funds		\$37,660	\$1,699	\$47,098	\$40,692	\$127,149
Total Fund Balances	\$67,756	\$37,660	\$1,699	\$47,098	\$40,692	\$194,905

See accompanying notes to the basic financial statements

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Modified
Cash Basis Fund Balances - Governmental Funds
For the Year Ended December 31, 2006*

	General	Street Construction and Repair	ODNR Boat Ramp	Street Levy	Other Governmental Funds	Total Governmental Funds
Receipts						
Municipal Income Taxes	\$75,962					\$75,962
Property and Other Local Taxes	53,786			\$14,618	\$7,761	76,165
Charges for Services	54,776					54,776
Fines, Licenses and Permits	2,952					2,952
Intergovernmental	39,698	\$45,594	\$107,217	1,934	12,522	206,965
Interest	12,809	540			135	13,484
Contributions & Donations					4,815	4,815
Miscellaneous	738					738
<i>Total Receipts</i>	<u>240,721</u>	<u>46,134</u>	<u>107,217</u>	<u>16,552</u>	<u>25,233</u>	<u>435,857</u>
Disbursements						
Current:						
General Government	93,067					93,067
Security of Persons and Property	49,757					49,757
Public Health Services	231					231
Leisure Time Activities			40,018		8,151	48,169
Community Environment	6,921					6,921
Basic Utility Services	33,426					33,426
Transportation		54,944			408	55,352
Capital Outlay	15,592				4,200	19,792
Debt Service:						0
Principal Retirement	6,374		64,533			70,907
Interest and Fiscal Charges	41		1,000			1,041
<i>Total Disbursements</i>	<u>205,409</u>	<u>54,944</u>	<u>105,551</u>	<u>0</u>	<u>12,759</u>	<u>378,663</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>35,312</u>	<u>(8,810)</u>	<u>1,666</u>	<u>16,552</u>	<u>12,474</u>	<u>57,194</u>
Other Financing Sources (Uses)						
Other Financing Sources	1,741					1,741
Other Financing Uses	(815)					(815)
<i>Total Other Financing Sources (Uses)</i>	<u>926</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>926</u>
<i>Net Change in Fund Balances</i>	<u>36,238</u>	<u>(8,810)</u>	<u>1,666</u>	<u>16,552</u>	<u>12,474</u>	<u>58,120</u>
<i>Fund Balances Beginning of Year</i>	<u>31,518</u>	<u>46,470</u>	<u>33</u>	<u>30,546</u>	<u>28,218</u>	<u>136,785</u>
<i>Fund Balances End of Year</i>	<u>\$67,756</u>	<u>\$37,660</u>	<u>\$1,699</u>	<u>\$47,098</u>	<u>\$40,692</u>	<u>\$194,905</u>

See accompanying notes to the basic financial statements

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund*

For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$64,526	\$74,000	\$75,962	\$1,962
Property and Other Local Taxes	46,912	53,800	53,786	(14)
Charges for Services	50,749	58,200	54,776	(3,424)
Fines, Licenses and Permits	2,442	2,800	2,952	152
Intergovernmental	37,800	43,350	39,698	(3,652)
Interest	11,161	12,800	12,809	9
Miscellaneous	4,360	5,000	738	(4,262)
<i>Total receipts</i>	<u>217,950</u>	<u>249,950</u>	<u>240,721</u>	<u>(9,229)</u>
Disbursements				
Current:				
General Government	115,680	110,680	93,067	17,613
Security of Persons and Property	62,000	62,000	49,757	12,243
Public Health Services	475	475	231	244
Community Environment	6,580	8,060	6,921	1,139
Basic Utility Services	21,000	39,000	33,426	5,574
Capital Outlay	23,500	23,350	15,592	7,758
Debt Service:				
Principal Retirement	6,400	6,400	6,374	26
Interest and Fiscal Charges	100	100	41	59
<i>Total Disbursements</i>	<u>235,735</u>	<u>250,065</u>	<u>205,409</u>	<u>44,656</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,785)</u>	<u>(115)</u>	<u>35,312</u>	<u>35,427</u>
Other Financing Sources (Uses)				
Transfers Out	(11,900)	(7,500)		7,500
Other Financing Sources			1,741	1,741
Other Financing Uses	(1,830)	(1,000)	(815)	185
<i>Total Other Financing Sources (Uses)</i>	<u>(13,730)</u>	<u>(8,500)</u>	<u>926</u>	<u>9,426</u>
<i>Net Change in Fund Balance</i>	<u>(31,515)</u>	<u>(8,615)</u>	<u>36,238</u>	<u>44,853</u>
<i>Fund Balance Beginning of Year</i>	<u>31,518</u>	<u>31,518</u>	<u>31,518</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3</u>	<u>\$22,903</u>	<u>\$67,756</u>	<u>\$44,853</u>

See accompanying notes to the basic financial statements

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction and Repair Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$32,700	\$32,700	\$45,594	\$12,894
Interest	300	300	540	240
<i>Total receipts</i>	<u>33,000</u>	<u>33,000</u>	<u>46,134</u>	<u>13,134</u>
Disbursements				
Current:				
Transportation	79,470	79,470	54,944	24,526
<i>Net Change in Fund Balance</i>	(46,470)	(46,470)	(8,810)	37,660
<i>Fund Balance Beginning of Year</i>	<u>46,470</u>	<u>46,470</u>	<u>46,470</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$37,660</u></u>	<u><u>\$37,660</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
ODNR Boat Ramp Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$70,000	\$107,200	\$107,217	\$17
<i>Total receipts</i>	<u>70,000</u>	<u>107,200</u>	<u>107,217</u>	<u>17</u>
Disbursements				
Current:				
Leisure Time Activities	40,028	40,028	40,018	10
Debt Service:				
Principal Retirement	25,000	66,200	64,533	1,667
Interest and Fiscal Charges	5,000	1,000	1,000	0
<i>Total Disbursements</i>	<u>70,028</u>	<u>107,228</u>	<u>105,551</u>	<u>1,677</u>
<i>Net Change in Fund Balance</i>	(28)	(28)	1,666	1,694
<i>Fund Balance Beginning of Year</i>	(1,350)	(1,350)	(1,350)	0
Prior Year Encumbrances Appropriated	1,383	1,383	1,383	0
<i>Fund Balance End of Year</i>	<u>\$5</u>	<u>\$5</u>	<u>\$1,699</u>	<u>\$1,694</u>

See accompanying notes to the basic financial statements

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Levy Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$14,700	\$14,700	\$14,618	(\$82)
Intergovernmental	0	0	1,934	1,934
<i>Total receipts</i>	<u>14,700</u>	<u>14,700</u>	<u>16,552</u>	<u>1,852</u>
Disbursements				
Current:				
Transportation	45,245	45,245		45,245
<i>Net Change in Fund Balance</i>	(30,545)	(30,545)	16,552	47,097
<i>Fund Balance Beginning of Year</i>	<u>30,546</u>	<u>30,546</u>	<u>30,546</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1</u>	<u>\$1</u>	<u>\$47,098</u>	<u>\$47,097</u>

See accompanying notes to the basic financial statements

VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY
Statement of Fund Net Assets - Modified Cash Basis
Proprietary Funds
December 31, 2006

	Business-Type Activities			Total Enterprise Funds
	Water	Sewer	Sewer Capital Assessment	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$140,860	\$40,568	\$34,611	\$216,039
Net Assets				
Unrestricted	\$140,860	\$40,568	\$34,611	\$216,039

See accompanying notes to the basic financial statements

VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY
Statement of Cash Receipts, Disbursements and
Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2006

	Business-Type Activities			Total Enterprise Funds
	Water	Sewer	Sewer Capital Assessment	
Operating Receipts				
Charges for Services	133,865	91,014	11,011	235,890
Operating Disbursements				
Personal Services	35,115	34,948		70,063
Fringe Benefits	10,659	10,635		21,294
Contractual Services	6,979	13,582		20,561
Materials and Supplies	15,196	25,860		41,056
Other	225			225
<i>Total Operating Disbursements</i>	<u>68,174</u>	<u>85,025</u>	<u>0</u>	<u>153,199</u>
<i>Operating Income</i>	65,691	5,989	11,011	82,691
Non-Operating Disbursements				
Capital Outlay	(640)	(2,864)		(3,504)
Principal Payments	(18,000)			(18,000)
Interest and Fiscal Charges	(7,562)			(7,562)
<i>Total Non-Operating Disbursements</i>	<u>(26,202)</u>	<u>(2,864)</u>	<u>0</u>	<u>(29,066)</u>
<i>Change in Net Assets</i>	39,489	3,125	11,011	53,625
<i>Net Assets Beginning of Year</i>	<u>101,371</u>	<u>37,443</u>	<u>23,600</u>	<u>162,414</u>
<i>Net Assets End of Year</i>	<u><u>\$140,860</u></u>	<u><u>\$40,568</u></u>	<u><u>\$34,611</u></u>	<u><u>\$216,039</u></u>

See accompanying notes to the basic financial statements

**Village of Tuscarawas
Tuscarawas County**

**Notes to the Basic Financial Statements
December 31, 2006**

Note 1 – Reporting Entity

The Village of Tuscarawas, Tuscarawas County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village also provides joint fire protection services with Warwick Township Volunteer Fire Department.

The Village is associated with certain organizations which are defined as Jointly Governed Organizations under Governmental Accounting Standards Board (GASB) Statement No. 14, Reporting Entity. These organizations are presented in Note 12 and include:

- Tuscarawas County Regional Planning Commission
- Tuscarawas County Tax Incentive Review Council

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a *modified* cash basis of accounting. This *modified* cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the *modified* cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Village of Tuscarawas
Tuscarawas County**

**Notes to the Basic Financial Statements
December 31, 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net assets presents the cash and investment balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a *modified* cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Village's funds are divided into two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are:

General Fund – The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street Construction and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

ODNR Boat Ramp Fund – This fund receives grant money from the Ohio Department of Natural Resources to construct a boat ramp for public access to the Tuscarawas River.

Street Levy Fund – This fund receives levy money to assist in repairing and maintaining Village streets.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

**Village of Tuscarawas
Tuscarawas County**

**Notes to the Basic Financial Statements
December 31, 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds consist of enterprise funds which may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds include:

Water Fund – This fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Fund – This fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Sewer Capital Fund – This fund receives a portion of sewer charges which are used to repair and maintain the Village's sewer system.

C. Basis of Accounting

The Village's financial statements are prepared using the *modified* cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this *modified* cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, function, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

**Village of Tuscarawas
Tuscarawas County**

**Notes to the Basic Financial Statements
December 31, 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

Village records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$12,809 which includes \$5,458 assigned from other Village funds.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's *modified* cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Village of Tuscarawas
Tuscarawas County**

**Notes to the Basic Financial Statements
December 31, 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations

The Village's *modified* cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road maintenance and repair, park operations, and boat ramp construction.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Compliance

Contrary to Ohio Revised Code, the Village had expenditures plus outstanding encumbrances exceeding appropriation authority at the legal level of control, during 2006 in various funds by amounts ranging from \$255 to \$39,533.

**Village of Tuscarawas
Tuscarawas County**

**Notes to the Basic Financial Statements
December 31, 2006
(Continued)**

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, street construction, maintenance and repair fund, ODNR boat ramp fund and the street levy fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the *modified* cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (*modified* cash basis). The Village had no encumbrances outstanding at December 31, 2006.

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village 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 Council has identified as not required for use within the current five 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 held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

**Village of Tuscarawas
Tuscarawas County**

**Notes to the Basic Financial Statements
December 31, 2006
(Continued)**

Note 5 – Deposits and Investments (Continued)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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 Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$376,607 of the Village's bank balance of \$476,607 was collateralized by an irrevocable, unconditional and non-transferable letter of credit in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

The Village has no investments.

Note 6 – Income Taxes

The Village levies a one percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or one percent of the taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**Village of Tuscarawas
Tuscarawas County**

**Notes to the Basic Financial Statements
December 31, 2006
(Continued)**

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2005, was \$7.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$11,039,560
Other Real	1,003,100
Tangible Personal Property	
Business	29,890
Public Utility	259,710
Total Assessed Value	<u>\$12,332,260</u>

Note 8 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Village of Tuscarawas
Tuscarawas County**

**Notes to the Basic Financial Statements
December 31, 2006
(Continued)**

Note 8 – Risk Management (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$30,997,868	\$29,719,675
Liabilities	<u>(15,875,741)</u>	<u>(15,994,168)</u>
Retained earnings	<u>\$15,122,127</u>	<u>\$13,725,507</u>

**Village of Tuscarawas
Tuscarawas County**

**Notes to the Basic Financial Statements
December 31, 2006
(Continued)**

Note 8 – Risk Management (Continued)

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$5,125,326	\$4,443,332
Liabilities	<u>(863,163)</u>	<u>(1,068,245)</u>
Retained earnings	<u>\$4,262,163</u>	<u>\$3,375,087</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million and \$14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$33,406. This payable includes the subsequent year's contribution due if the Village terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP

2004	\$13,313
2005	18,657
2006	16,703

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 9 – Defined Benefit Pension Plans

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

**Village of Tuscarawas
Tuscarawas County**

**Notes to the Basic Financial Statements
December 31, 2006
(Continued)**

Note 9 – Defined Benefit Pension Plans

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2006 was 9.2 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$13,399, \$13,507, and \$15,949, respectively. The full amount has been contributed for 2006, 2005 and 2004.

Note 10 - Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.7 percent of covered payroll; 4.2 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

**Village of Tuscarawas
Tuscarawas County**

**Notes to the Basic Financial Statements
December 31, 2006
(Continued)**

Note 10 - Postemployment Benefits (Continued)

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$6,845. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 20XX, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 11 - Debt

The Village's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Governmental Activities</u>						
2003 General Obligation Note	Variable	\$6,368	\$0	\$6,368	\$0	\$0
2005 ODNR Boat Ramp Loan	6%	66,125	0	66,125	0	0
Total Governmental Activities		<u>\$72,493</u>	<u>\$0</u>	<u>\$72,493</u>	<u>\$0</u>	<u>\$0</u>
<u>Business-type Activities</u>						
2003 Utility Revenue Note	5%	\$131,557	\$0	\$19,512	\$112,045	\$18,579

The General Obligation Note was issued for the purpose of providing funding for the general operations of the Village. The Village made the final payment on the note in 2006.

The ODNR Boat Ramp Loan was entered into by the Village to help provide funding for the Village's boat ramp project. The proceeds of the loan were used to cover the costs of the boat ramp until reimbursement could be received from the Ohio Department of Natural Resources. The Village paid the loan, in full, in 2006.

The Utility Revenue Note was issued for the purpose of providing for the general operations of the Village's water and sewer departments. The Village will repay the note in monthly installments of \$2,121, including interest over the next 5 years.

**Village of Tuscarawas
Tuscarawas County**

**Notes to the Basic Financial Statements
December 31, 2006
(Continued)**

Note 11 – Debt (Continued)

The following is a summary of the Village's future annual debt service requirements:

Year	Utility Revenue Notes	
	Principal	Interest
2007	\$18,579	\$4,760
2008	21,257	4,199
2009	22,345	3,109
2010	23,489	1,965
2011	24,691	766
2012	1,684	8
Totals	<u>\$112,045</u>	<u>\$14,807</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2006, were an overall debt margin of \$678,278 and an unvoted debt margin of \$1,294,893.

Note 12 – Jointly Governed Organizations

The Village participates in the Tuscarawas County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed by Tuscarawas County and other cities, villages and townships within the County. The principle aim of the Commission is to provide comprehensive planning, both long and short-term, dealing with the economic and physical environment of Tuscarawas County. The board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting and designating management. The Village has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Tuscarawas County Regional Planning Commission, Tuscarawas County, Ohio.

The Village also participates in the Tuscarawas County Tax Incentive Review Council (Council), which is a jointly governed organization, created as a regional council of governments pursuant to State statutes. The Council has 22 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, six members appointed by township trustees, one member from the County Auditor's Office and eight members appointed by boards of education located within the County. The Council review and evaluates the performance of each enterprise zone agreement. This body is advisory in nature and cannot directly impact an existing enterprise zone agreement; however, the Council can make written recommendations to the legislative authority.

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Tuscarawas
Tuscarawas County
522 East Cherry Street, PO Box 388
Tuscarawas, Ohio 44682

To the Honorable Mayor and Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tuscarawas, Tuscarawas County, Ohio, (the Village) as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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

We consider Finding Numbers 2006-001 through 2006-003 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe Finding Number 2006-001 is also a material weakness.

We also noted certain matters related to internal control over financial reporting that we have reported to the Village management in a separate letter dated August 10, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2006-002 and 2006-003.

The Village's response to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We also noted an instance of noncompliance or other matter that we reported to the Village's management in a separate letter dated August 10, 2007.

We intend this report solely for the information and use of management and Village Council. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 10, 2007

VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2006-001

Material Weakness/Significant Deficiency

Financial Reporting

As a result of the audit procedures performed, errors were noted in the financial statements that required audit adjustments and reclassifications.

In 2006, homestead and rollback payments were improperly posted entirely to the Major General Fund and should have also been posted to the Major Street Levy Fund and Non-Major Park Levy Fund for \$1,934 and \$967, respectively; motor vehicle license tax monies in the Major Street Construction and Repair Fund in the amount of \$7,051 were reported as taxes instead of intergovernmental receipts; motor vehicle license tax monies in the Non-Major Permissive Motor Vehicle License Tax Fund were reported as taxes instead of intergovernmental receipts; private donations received in the Non-Major Park Levy Fund in the amount of \$4,815 were reported as miscellaneous receipts rather than contributions and donations; and budgetary amendments of \$41,200 in the Major ODNR Boat Ramp Fund approved by Council after year-end were recorded in the accounting system as budget expenditures but since they were not approved before year-end should not be reported.

Sound financial reporting is the responsibility of the Fiscal Officer and Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Council, to identify and correct errors and omissions. The Fiscal Officer should also review the UAN chart of accounts and the Village Handbook's chart of accounts to ensure that all accounts are being properly posted to the financial statements.

Official's Response: Official's of the village have elected not to respond.

FINDING NUMBER 2006-002

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2006 and 2005, object level expenditures plus outstanding encumbrances exceeded appropriations within the following funds:

FINDING NUMBER 2006-002 (Continued)

General Fund – Natural Gas 1000-490-313	\$621
General Fund – Repairs & Maintenance 1000-490-431	398
General Fund – Garbage & Trash Removal 1000-563-398	12,426
General Fund – Buildings & Other Structures 1000-800-530	2,157
General Fund – Streets, Highways, Sidewalk 1000-800-555	660
Park Levy Fund – Operating Supplies & Materials 2041-320-420	255
ODNR Boat Ramp Fund – Principal 2061-850-710	39,533
Sewer Operating Fund – Operating Supplies 5201-543-420	3,224
Sewer Operating Fund – Repairs & Maintenance 5201-543-430	3,735

In addition, appropriations posted to the Village's Appropriation Reports did not always agree to the Village's actual Annual Appropriation Measure plus supplemental appropriations. This reduces Council's ability to effectively monitor the Village's expenditures against the approved appropriations.

The Fiscal Officer should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the object level to avoid overspending. In addition, the Fiscal Officer should periodically review the Village's Appropriations Reports to ensure appropriation amounts are posted accurately and timely. This will strengthen Council's ability to effectively monitor expenditures against approved appropriations.

Official's Response: Official's of the village have elected not to respond.

FINDING NUMBER 2006-003

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

FINDING NUMBER 2006-003 (Continued)

1. **“Then and Now” Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During fiscal year 2006 and 2005, 24% (22/91) of the expenditures tested were not certified by the Fiscal Officer prior to incurring the obligation. It was also found that none of the three exceptions above were utilized for the items found to be in noncompliance.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursement and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should also sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Official’s Response: Official’s of the village have elected not to respond.

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2005-001	Financial Reporting – There were numerous errors that required audit adjustments and reclassifications.	No	Not corrected. Refer to Finding Number 2006-001.
2005-002	Ohio Rev. Code Section 5705.41(B) - Expenditures plus encumbrances exceeded total appropriation authority at the legal level of control in several line item accounts.	No	Not corrected. Refer to Finding Number 2006-002.



Mary Taylor, CPA
Auditor of State

VILLAGE OF TUSCARAWAS

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
OCTOBER 11, 2007**