

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2006



Mary Taylor, CPA
Auditor of State

Board of Trustees
Tuscarawas Township
956 Manchester Road SW
North Lawrence, Ohio 44666

We have reviewed the *Independent Accountants' Report* of Tuscarawas Township, Stark County, prepared by Knox & Knox, for the audit period January 1, 2006 through December 31, 2007. 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. Tuscarawas Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 16, 2008

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STARK COUNTY**

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STARK COUNTY**

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KNOX & KNOX

Accountants and Consultants

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tuscarawas Township, Stark County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township'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 2, the Township has prepared these financial statements and notes using the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

For the years ended December 31, 2007 and 2006, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tuscarawas Township, Stark County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, Fire District, and Cemetery Funds thereof for the years then ended in conformity with the basis of accounting Note 2C describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. 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 the Governmental Accounting Standards Board 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.

KNOX & KNOX

Orrville, Ohio
May 12, 2008

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

This discussion and analysis of Tuscarawas Township's financial performance provides an overall review of the Township's financial activities for the fiscal years ended December 31, 2007 and 2006, within the limitations of the cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

HIGHLIGHTS

Key highlights for 2007 and 2006 are as follows:

- Net assets of governmental activities increased slightly from the prior year.
- The Township's general receipts are primarily property taxes.

USING THE BASIC FINANCIAL STATEMENTS

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

Report Components

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

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township 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 Township-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 Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the 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 cash basis of accounting.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED (Continued)**

REPORTING THE GOVERNMENT AS A WHOLE

Tuscarawas Township has three elected trustees and one fiscal officer. The trustees maintain the roads in the Township and the fiscal officer maintains all financial records and minutes for the Township.

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program 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 draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township'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 taxes.

In the statement of net assets and the statement of activities, the Township reports its governmental activities. The Township's basic services are reported here. Grants and entitlements and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

REPORTING THE GOVERNMENT'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the Township's major funds—not the Township as a whole. The Township 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 Township are reported as governmental funds.

The governmental fund financial statements provide a detailed view of the Township'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 Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major 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 Township's major governmental funds are the General Fund, Gasoline Fund, Road and Bridge Fund, Fire District, and Cemetery Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED (Continued)**

THE TOWNSHIP AS A WHOLE

Table 1 provides a summary of the Township's net assets for 2007 and 2006 on a cash basis.

(TABLE 1)
NET ASSETS

	Governmental Activities	
	2007	2006
ASSETS		
Cash and Cash Equivalents	\$773,572	\$676,760
Total Assets	\$773,572	\$676,760
NET ASSETS		
Restricted for:		
Other Purposes	\$560,001	\$476,834
Unrestricted	213,571	199,926
Total Net Assets	\$773,572	\$676,760

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED (Continued)**

Table 2 reflects the changes in net assets in 2007 and 2006.

(TABLE 2)
CHANGES IN NET ASSETS

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$75,639	\$77,442
Operating Grants and Contributions	127,480	130,292
Total Program Receipts	203,119	207,734
General Receipts:		
Property and Other Local Taxes	551,035	535,748
Cable Franchising Fees	16,410	
Grants and Entitlements Not Restricted to Specific Programs	78,359	148,590
Interest	36,976	36,255
Miscellaneous	2,134	20,086
Total General Receipts	684,914	740,679
Total Receipts	888,033	948,413
Disbursements:		
General Government	177,107	164,340
Public Safety	166,007	165,467
Public Works	442,801	426,897
Health		90,882
Capital Outlay	5,305	40,678
Total Disbursements	791,220	888,264
Increase (Decrease) in Net Assets	96,813	60,149
Net Assets, January 1	676,759	616,611
Net Assets, December 31	\$773,572	\$676,760

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED (Continued)**

Program receipts represent only 23 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and permits during 2007.

State monies are the other major source of general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board of Trustees, the Fiscal Officer, as well as services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to the General Fund unrestricted receipts.

Public Safety are the costs of fire protection; Health Services is the maintenance of the cemeteries; Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works. General government also represents a significant cost. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township 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.

(TABLE 3)
GOVERNMENTAL ACTIVITIES

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$177,107	\$160,697	\$164,340	\$164,340
Public Safety	166,007	166,007	165,467	165,467
Public Works	442,801	315,321	426,897	296,605
Health			90,882	76,324
Capital Outlay	5,305	5,305	40,678	40,678
Total Expenses	<u>\$791,220</u>	<u>\$647,330</u>	<u>\$888,264</u>	<u>\$743,414</u>

The dependence upon property tax receipts is apparent as over 61 percent of governmental activities are supported through these general receipts in 2007.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED (Continued)**

The Township's Funds

In 2006, governmental funds had receipts of \$948,413 and disbursements of \$888,264. The greatest change within governmental funds occurred within the General Fund.

In 2007, General Fund receipts were greater than disbursements by \$13,644 indicating that the General Fund has a positive cash flow. These changes indicate the need for continued budget constraints.

GENERAL FUND BUDGETING HIGHLIGHTS

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

The Township kept spending close to budgeted amounts as demonstrated by the reported variances.

CAPITAL ASSETS

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

DEBT

At December 31, 2007, the Township had no outstanding debt.

CURRENT ISSUES

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited funds. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were slight. We then reviewed the disbursement history of the Township. All officials have been asked to hold their spending levels to the 2007 levels.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances and to reflect the Township'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 Debra Maier, Fiscal Officer, Tuscarawas Township, 956 Manchester Road SW, North Lawrence, Ohio 44666.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>\$773,572</u>
Total Assets	<u><u>\$773,572</u></u>
NET ASSETS	
Restricted for:	
Other Purposes	\$560,001
Unrestricted	<u>213,571</u>
Total Net Assets	<u><u>\$773,572</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR YEAR ENDED DECEMBER 31, 2007**

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
General Government	\$177,107	\$700		(\$176,407)
Public Safety	166,007			(166,007)
Public Works	442,801	74,939	\$127,480	(240,382)
Capital Outlay	5,305			(5,305)
Total Governmental Activities	\$791,220	\$75,639	\$127,480	(588,101)
GENERAL RECEIPTS				
Property Taxes				551,035
Grants Entitlements not Restricted to Specific Programs				78,359
Earnings on investments				36,976
Miscellaneous				2,134
Cable Franchising Fees				16,410
Total General Receipts				684,914
Change in Net Assets				96,813
Net Assets Beginning of Year				676,759
Net Assets End of Year				\$773,572

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General Fund</u>	<u>Fire Di strict Fund</u>	<u>Gasoline Tax Fund</u>	<u>Road and Bridge Fund</u>	<u>Cemetery Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Equity in Pooled Cash and Cash Equivalents	<u>\$213,572</u>	<u>\$103,330</u>	<u>\$72,239</u>	<u>\$117,424</u>	<u>\$199,156</u>	<u>\$67,852</u>	<u>\$773,573</u>
 Total Assets	 <u><u>\$213,572</u></u>	 <u><u>\$103,330</u></u>	 <u><u>\$72,239</u></u>	 <u><u>\$117,424</u></u>	 <u><u>\$199,156</u></u>	 <u><u>\$67,852</u></u>	 <u><u>\$773,573</u></u>
 FUND BALANCES							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$213,572						\$213,572
Special Revenue Funds	<u> </u>	<u>\$103,330</u>	<u>\$72,239</u>	<u>\$117,424</u>	<u>\$199,156</u>	<u>\$67,852</u>	<u>560,001</u>
 Total Fund Balances	 <u><u>\$213,572</u></u>	 <u><u>\$103,330</u></u>	 <u><u>\$72,239</u></u>	 <u><u>\$117,424</u></u>	 <u><u>\$199,156</u></u>	 <u><u>\$67,852</u></u>	 <u><u>\$773,573</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

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

	General Fund	Fire Di strict Fund	Gasoline Tax Fund	Road and Bridge Fund	Cemetery Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property and Other Taxes	\$100,118	\$179,884		\$178,043		\$89,255	\$547,300
Licenses, Fees and Permits	17,110				\$40,973		58,083
Intergovernmental	82,677	341	\$104,879	1,054		21,038	209,989
Earnings on Investments	27,480		6,753		37	2,706	36,976
Other	1,673			11	34,000		35,684
TOTAL RECEIPTS	<u>229,058</u>	<u>180,225</u>	<u>111,632</u>	<u>179,108</u>	<u>75,010</u>	<u>112,999</u>	<u>888,032</u>
DISBURSEMENTS							
Current:							
General Government	170,335	2,524		3,000		1,248	177,107
Public Safety		166,007					166,007
Public Works	13,189		102,807	131,345		103,226	350,567
Health	27,294				64,940		92,234
Capital Outlay	4,596			708			5,304
TOTAL DISBURSEMENTS	<u>215,414</u>	<u>168,531</u>	<u>102,807</u>	<u>135,053</u>	<u>64,940</u>	<u>104,474</u>	<u>791,219</u>
Excess of Receipts Over/(Under) Disbursements	13,644	11,694	8,825	44,055	10,070	8,525	96,813
Fund Balance Beginning of Year	<u>199,927</u>	<u>91,636</u>	<u>63,414</u>	<u>73,369</u>	<u>189,086</u>	<u>59,327</u>	<u>676,759</u>
FUND BALANCES END OF YEAR	<u><u>\$213,571</u></u>	<u><u>\$103,330</u></u>	<u><u>\$72,239</u></u>	<u><u>\$117,424</u></u>	<u><u>\$199,156</u></u>	<u><u>\$67,852</u></u>	<u><u>\$773,572</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
RECEIPTS:				
Property and Other Local Taxes	\$31,920	\$82,804	\$100,118	\$17,314
Fines, Licenses, and Permits	15,700	15,700	17,110	1,410
Intergovernmental	80,050	80,050	82,677	2,627
Earnings on investments	25,000	25,000	27,480	2,480
Other	5,500	5,500	1,672	(3,828)
Total Receipts	<u>158,170</u>	<u>209,054</u>	<u>229,057</u>	<u>20,003</u>
DISBURSEMENTS:				
Current:				
General Government	194,689	210,921	170,334	40,587
Public Works	53,000	53,000	13,189	39,811
Public Health	30,000	30,000	27,294	2,706
Capital Outlay	7,100	8,100	4,596	3,504
Total Disbursements	<u>284,789</u>	<u>302,021</u>	<u>215,413</u>	<u>86,608</u>
Excess Receipts Over/(Under) Disbursements	(126,619)	(92,967)	13,644	106,611
Fund Balance Beginning of Year	<u>199,927</u>	<u>199,927</u>	<u>199,927</u>	
FUND BALANCE END OF YEAR	<u><u>\$73,308</u></u>	<u><u>\$106,960</u></u>	<u><u>\$213,571</u></u>	<u><u>\$106,611</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
RECEIPTS:				
Property and Other Local Taxes	\$161,000	\$159,744	\$179,884	\$20,140
Intergovernmental	<u>20,000</u>	<u>20,000</u>	<u>341</u>	<u>(19,659)</u>
Total Receipts	<u>181,000</u>	<u>179,744</u>	<u>180,225</u>	<u>481</u>
DISBURSEMENTS:				
Current:				
General Government	500	3,000	2,524	476
Public Safety	<u>166,200</u>	<u>216,400</u>	<u>166,007</u>	<u>50,393</u>
Total Disbursements	<u>166,700</u>	<u>219,400</u>	<u>168,531</u>	<u>50,869</u>
Excess Receipts Over/(Under) Disbursements	<u>14,300</u>	<u>(39,656)</u>	<u>11,694</u>	<u>51,350</u>
OTHER FINANCING SOURCES (USES)				
Other Financing Uses	<u>(10,000)</u>	<u>(10,000)</u>	<u> </u>	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u> </u>	<u>10,000</u>
Net Change in Fund Balances	4,300	(49,656)	11,694	61,350
Fund Balance Beginning of Year	<u>91,636</u>	<u>91,636</u>	<u>91,636</u>	<u> </u>
FUND BALANCE END OF YEAR	<u>\$95,936</u>	<u>\$41,980</u>	<u>\$103,330</u>	<u>\$61,350</u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS:				
Intergovernmental	\$80,000	\$95,105	\$104,880	\$9,775
Earnings on investments	<u>2,500</u>	<u>2,500</u>	<u>6,752</u>	<u>4,252</u>
Total Receipts	<u>82,500</u>	<u>97,605</u>	<u>111,632</u>	<u>14,027</u>
DISBURSEMENTS:				
Current:				
Public Works	104,000	125,000	102,807	22,193
Capital Outlay	<u>11,000</u>	<u>11,000</u>	<u> </u>	<u>11,000</u>
Total Disbursements	<u>115,000</u>	<u>136,000</u>	<u>102,807</u>	<u>33,193</u>
Excess Receipts Over/(Under) Disbursements	(32,500)	(38,395)	8,825	47,220
Fund Balance Beginning of Year	<u>63,414</u>	<u>63,414</u>	<u>63,414</u>	<u> </u>
FUND BALANCE END OF YEAR	<u><u>\$30,914</u></u>	<u><u>\$25,019</u></u>	<u><u>\$72,239</u></u>	<u><u>\$47,220</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
RECEIPTS:				
Property and Other Local Taxes	\$180,700	\$148,895	\$178,043	\$29,148
Intergovernmental	18,000	18,000	1,055	(16,945)
Other			11	11
	<u>198,700</u>	<u>166,895</u>	<u>179,109</u>	<u>12,214</u>
Total Receipts				
DISBURSEMENTS:				
Current:				
General Government	500	3,000	3,000	
Public Works	197,800	200,700	131,345	69,355
Capital Outlay	5,000	5,000	709	4,291
	<u>203,300</u>	<u>208,700</u>	<u>135,054</u>	<u>73,646</u>
Total Disbursements				
Excess Receipts Over/(Under) Disbursements	<u>(4,600)</u>	<u>(41,805)</u>	<u>44,055</u>	<u>85,860</u>
OTHER FINANCING SOURCES (USES)				
Other Sources (Uses)	<u>(1,000)</u>	<u>(1,000)</u>		<u>1,000</u>
Total Other Financing Sources (Uses)	<u>(1,000)</u>	<u>(1,000)</u>		<u>1,000</u>
Net Change in Fund Balances	(5,600)	(42,805)	44,055	86,860
Fund Balance Beginning of Year	<u>73,369</u>	<u>73,369</u>	<u>73,369</u>	
FUND BALANCE END OF YEAR	<u>\$67,769</u>	<u>\$30,564</u>	<u>\$117,424</u>	<u>\$86,860</u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS:				
Licenses, Fees and Permits	\$35,000	\$33,965	\$41,003	\$7,038
Earnings on investments	35	35	37	2
Other	<u>30,000</u>	<u>30,000</u>	<u>34,000</u>	<u>4,000</u>
Total Receipts	<u>65,035</u>	<u>64,000</u>	<u>75,040</u>	<u>11,040</u>
DISBURSEMENTS:				
Current:				
Health	88,200	96,600	64,940	31,660
Capital Outlay	<u>57,000</u>	<u>57,000</u>	<u> </u>	<u>57,000</u>
Total Disbursements	<u>145,200</u>	<u>153,600</u>	<u>64,940</u>	<u>88,660</u>
Excess Receipts Over/(Under) Disbursements	(80,165)	(89,600)	10,100	99,700
Fund Balance Beginning of Year	<u>189,056</u>	<u>189,056</u>	<u>189,056</u>	<u> </u>
FUND BALANCE END OF YEAR	<u><u>\$108,891</u></u>	<u><u>\$99,456</u></u>	<u><u>\$199,156</u></u>	<u><u>\$99,700</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>\$676,760</u>
Total Assets	<u><u>\$676,760</u></u>
NET ASSETS	
Restricted for:	
Other Purposes	\$476,834
Unrestricted	<u>199,926</u>
Total Net Assets	<u><u>\$676,760</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT ACTIVITIES - CASH BASIS
FOR THE ENDED DECEMBER 31, 2006**

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u> <u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net</u> <u>(Disbursements)</u> <u>Receipts and</u> <u>Changes in</u> <u>Net Assets</u> <u>Governmental</u> <u>Activities</u>
GOVERNMENTAL ACTIVITIES				
General Government	\$164,340	\$1,046		(\$163,294)
Public Safety	165,467			(165,467)
Public Works	426,897		130,292	(296,605)
Health	90,882	76,324		(14,558)
Other	2,004	72		(1,932)
Capital Outlay	<u>38,674</u>			<u>(38,674)</u>
Total Governmental Activities	<u><u>\$888,264</u></u>	<u><u>\$77,442</u></u>	<u><u>\$130,292</u></u>	<u><u>(680,530)</u></u>
GENERAL RECEIPTS				
Property Taxes				535,748
Other Taxes				15
Grants Entitlements not Restricted to Specific Programs				148,590
Earnings on investments				36,255
Miscellaneous				<u>20,071</u>
Total General Receipts				<u><u>740,679</u></u>
Change in Net Assets				60,149
Net Assets Beginning of Year				<u>616,611</u>
Net Assets End of Year				<u><u>\$676,760</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General Fund</u>	<u>Fire District Fund</u>	<u>Gasoline Tax Fund</u>	<u>Road and Bridge Fund</u>	<u>Cemetery Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Equity in Pooled Cash and Cash Equivalents	<u>\$199,926</u>	<u>\$91,636</u>	<u>\$63,415</u>	<u>\$73,369</u>	<u>\$189,086</u>	<u>\$59,328</u>	<u>\$676,760</u>
Total Assets	<u>\$199,926</u>	<u>\$91,636</u>	<u>\$63,415</u>	<u>\$73,369</u>	<u>\$189,086</u>	<u>\$59,328</u>	<u>\$676,760</u>
FUND BALANCES							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$199,926						\$199,926
Special Revenue Funds		<u>\$91,636</u>	<u>\$63,415</u>	<u>\$73,369</u>	<u>\$189,086</u>	<u>\$59,328</u>	<u>476,834</u>
Total Fund Balances	<u>\$199,926</u>	<u>\$91,636</u>	<u>\$63,415</u>	<u>\$73,369</u>	<u>\$189,086</u>	<u>\$59,328</u>	<u>\$676,760</u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE ENDED DECEMBER 31, 2006**

	General Fund	Fire District Fund	Gasoline Tax Fund	Road and Bridge Fund	Cemetery Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property and Other Taxes	\$31,824	\$161,496		\$201,459		\$81,569	\$476,348
Licenses, Fees and Permits	671				\$42,824		43,495
Intergovernmental	152,667	19,509	\$109,735	25,822		30,563	338,296
Earnings on Investments	30,697		4,259		37	1,261	36,254
Other	20,445				33,500	72	54,017
Total Receipts	236,304	181,005	113,994	227,281	76,361	113,465	948,410
DISBURSEMENTS							
Current:							
General Government	164,340						164,340
Public Works	24,321		92,534	212,977		97,064	426,896
Public Health	27,203				63,679		90,882
Capital Outlay	2,512		2,712	5,000	869	27,581	38,674
Public Safety		165,466					165,466
Total Disbursements	218,376	165,466	95,246	217,977	64,548	124,645	886,258
Excess of Receipts Over (Under) Disbursements	17,928	15,539	18,748	9,304	11,813	(11,180)	62,152
OTHER FINANCING SOURCES (USES)							
Total Other Financing Sources (Uses)		(1,004)		(1,000)			(2,004)
Net Change in Fund Balance	17,928	14,535	18,748	8,304	11,813	(11,180)	60,148
Fund Balance Beginning of Year	181,999	77,101	44,666	65,065	177,273	70,507	616,611
FUND BALANCES END OF YEAR	\$199,927	\$91,636	\$63,414	\$73,369	\$189,086	\$59,327	\$676,759

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
RECEIPTS:				
Property and Other Local Taxes	\$33,164	\$31,262	\$31,824	\$562
Fines, Licenses, and Permits	14,420	400	671	271
Intergovernmental	67,690	78,176	152,667	74,491
Earnings on investments	10,300	18,431	30,697	12,266
Other	14,111	16,000	24,245	8,245
Total Receipts	139,685	144,269	240,104	95,835
DISBURSEMENTS:				
Current:				
General Government	181,604	179,584	165,140	14,444
Public Works	60,000	53,000	27,321	25,679
Health	30,000	30,000	27,203	2,797
Capital Outlay	12,001	8,200	2,512	5,688
Total Disbursements	283,605	270,784	222,176	48,608
Excess Receipts Over/(Under) Disbursements	(143,920)	(126,515)	17,928	144,443
Fund Balance Beginning of Year	181,999	181,999	181,999	
FUND BALANCE END OF YEAR	\$38,079	\$55,484	\$199,927	\$144,443

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
RECEIPTS:				
Property and Other Local Taxes	\$175,254	\$159,036	\$161,496	\$2,460
Intergovernmental	<u>19,570</u>	<u>20,000</u>	<u>19,509</u>	<u>(491)</u>
Total Receipts	<u>194,824</u>	<u>179,036</u>	<u>181,005</u>	<u>1,969</u>
DISBURSEMENTS:				
Current:				
Public Safety	<u>165,915</u>	<u>165,915</u>	<u>165,466</u>	<u>449</u>
Total Disbursements	<u>165,915</u>	<u>165,915</u>	<u>165,466</u>	<u>449</u>
Excess Receipts Over/(Under) Disbursements	<u>28,909</u>	<u>13,121</u>	<u>15,539</u>	<u>2,418</u>
OTHER FINANCING SOURCES (USES)				
Other Financing Uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>(1,004)</u>	<u>8,996</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(1,004)</u>	<u>8,996</u>
Net Change in Fund Balances	18,909	3,121	14,535	11,414
Fund Balance Beginning of Year	<u>77,101</u>	<u>77,101</u>	<u>77,101</u>	<u> </u>
FUND BALANCE END OF YEAR	<u><u>\$96,010</u></u>	<u><u>\$80,222</u></u>	<u><u>\$91,636</u></u>	<u><u>\$11,414</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS:				
Intergovernmental	\$68,000	\$66,972	\$109,735	\$42,763
Earnings on investments	2,472	3,500	4,259	759
Total Receipts	<u>70,472</u>	<u>70,472</u>	<u>113,994</u>	<u>43,522</u>
DISBURSEMENTS:				
Current:				
Public Works	72,900	100,900	92,533	8,367
Capital Outlay	11,500	11,500	2,712	8,788
Total Disbursements	<u>84,400</u>	<u>112,400</u>	<u>95,245</u>	<u>17,155</u>
Excess Receipts Over/(Under) Disbursements	(13,928)	(41,928)	18,749	60,677
Fund Balance Beginning of Year	<u>44,666</u>	<u>44,666</u>	<u>44,666</u>	
FUND BALANCE END OF YEAR	<u><u>\$30,738</u></u>	<u><u>\$2,738</u></u>	<u><u>\$63,415</u></u>	<u><u>\$60,677</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS:				
Property and Other Local Taxes	\$213,678	\$198,328	\$201,459	\$3,131
Intergovernmental	26,750	26,000	25,822	(178)
Total Receipts	240,428	224,328	227,281	2,953
DISBURSEMENTS:				
Current:				
Public Works	241,532	246,419	212,977	33,442
Capital Outlay	5,000	5,000	5,000	
Total Disbursements	246,532	251,419	217,977	33,442
Excess Receipts Over/(Under) Disbursements	(6,104)	(27,091)	9,304	36,395
OTHER FINANCING SOURCES (USES)				
Other Sources (Uses)	(1,000)	(1,000)	(1,000)	
Total Other Financing Sources (Uses)	(1,000)	(1,000)	(1,000)	
Net Change in Fund Balances	(7,104)	(28,091)	8,304	36,395
Fund Balance Beginning of Year	65,065	65,065	65,065	
FUND BALANCE END OF YEAR	\$57,961	\$36,974	\$73,369	\$36,395

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS:				
Licenses, Fees and Permits	\$38,355	\$10,000	\$42,824	\$32,824
Earnings on investments	25		37	37
Other	<u>25,750</u>	<u>12,595</u>	<u>33,500</u>	<u>20,905</u>
Total Receipts	<u>64,130</u>	<u>22,595</u>	<u>76,361</u>	<u>53,766</u>
DISBURSEMENTS:				
Current:				
Health	88,567	88,567	63,679	24,888
Capital Outlay	<u>57,229</u>	<u>57,229</u>	<u>869</u>	<u>56,360</u>
Total Disbursements	<u>145,796</u>	<u>145,796</u>	<u>64,548</u>	<u>81,248</u>
Excess Receipts Over/(Under) Disbursements	<u>(81,666)</u>	<u>(123,201)</u>	<u>11,813</u>	<u>135,014</u>
Fund Balance Beginning of Year	<u>177,273</u>	<u>177,273</u>	<u>177,273</u>	
FUND BALANCE END OF YEAR	<u><u>\$95,607</u></u>	<u><u>\$54,072</u></u>	<u><u>\$189,086</u></u>	<u><u>\$135,014</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

1. REPORTING ENTITY

Tuscarawas Township, Stark County, Ohio (the Township) 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 Township is directed by a publicly-elected three-member Board of Trustees.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance.

B. Component Units

The Township does not have any Component Units

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This 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 cash basis of accounting. In the government-wide financial statement, 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 cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncement, in which case GASB prevails.

A. Basis of Presentation

The Township'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.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Government-Wide Financial Statements (Continued)

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental 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 Township 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 is self-financing on a cash basis or draws from the Township's general receipts.

2. Fund Financial Statements

During the year, the Township segregates transactions related to certain Township 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 Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Township 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 funds of the Township are in one category, governmental.

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Levy Fund and Cemetery Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Township account for grants, taxes, and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township'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.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

As a result of the use of this 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 expenses and liabilities) 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 Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the office, division, and department level, and within each, personal services.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township 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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

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

During 2007 and 2006, the Township had all funds in a regular checking account with J. P. Morgan Chase Bank.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Employer Contributions to Cost-Sharing Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

G. 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.

3. 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 - Budget Basis presented for the General Fund, Road and Bridge Fund, Gasoline Tax Fund, Fire District Fund and Cemetery Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

4. DEPOSITS AND INVESTMENTS

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

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active 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 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 Township 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

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

4. DEPOSITS AND INVESTMENTS (Continued)

2. 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;
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 Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township may not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Township was exposed to custodial credit risk because deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. Custodial risk was \$697,655 and \$605,005 at December 31, 2007 and 2006, respectively.

Ohio law requires that deposits be either insured or protected by eligible securities pledged to and deposited either with the Township 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.

5. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2005 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, 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.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

5. PROPERTY TAXES (Continued)

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005 were levied after October 1, 2006, 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 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 6.25 percent for inventory and capital assets. 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.

6. RISK MANAGEMENT

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

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

The Government 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.

Casualty Coverage

For an occurrence prior to January 1, 2006, PEP retains casualty risk 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. 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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

6. RISK MANAGEMENT (Continued)

increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, 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. In the stop-loss is reached by payment of losses between \$100,00 and \$250,000 in 2006, or \$100,000 and \$300,00 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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 township.

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, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, related claims are due for payment. This payment includes the subsequent year's contribution due if the Government 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. 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.

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide 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,

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

6. RISK MANAGEMENT (Continued)

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.

The Township also provides health and vision insurance coverage to full-time employees.

7. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The Township 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 year 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.

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, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pensions benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions. The Township made all required contributions for 2007 and 2006.

The Ohio Public Employees Retirement System (OPERS) provides postretirement healthcare coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement healthcare coverage. The healthcare coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB*

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

8. POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (Continued)

Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for funding of postretirement healthcare based on authority granted by State statute.

B. Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined benefit pension plan; and the Combined Plan - a cost-sharing, multiple-employer pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

C. Funding Policy

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, 2007, include a rate of return on investments of eight percent, an annual increase in active employee total payroll of four percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between one-half and six point three percent based on additional annual pay increases. Healthcare premiums were assumed to increase between one and six percent annually for the next eight years and four 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.

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KNOX & KNOX

Accountants and Consultants

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

Tuscarawas Township
Stark County
956 Manchester Road S. W.
North Lawrence, Ohio 44666

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tuscarawas Township, Stark County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 12, 2008 wherein we noted the Township prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the Township's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Township's internal control over financial reporting.

Our consideration of the 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. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We noted no matters involving internal control over financial reporting and its operation that we consider a material weakness.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we noted a matter we reported to the Board of Trustees in a separate letter dated May 12, 2008.

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 with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

KNOX & KNOX

Orrville, Ohio
May 12, 2008



Mary Taylor, CPA
Auditor of State

TUSCARAWAS TOWNSHIP

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 6, 2008**