

**WARREN TOWNSHIP
TUSCARAWAS COUNTY**

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Warren Township
4093 State Route 212, NE
Mineral City, Ohio 44656

We have reviewed the *Independent Auditors' Report* of Warren Township, Tuscarawas County, prepared by Willoughby & Company, Inc., for the audit period January 1, 2005 through December 31, 2006. 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. Warren Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 11, 2008

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WARREN TOWNSHIP
TUSCARAWAS COUNTY

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WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Warren Township
Tuscarawas County
4093 State Route 212, NE
Mineral City, Ohio 44656

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 Warren Township, Tuscarawas County, Ohio (the Township) as of and for the years ended December 31, 2006 and 2005, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Warren Township, Tuscarawas County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund and Road and Bridge Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2006 and 2005, the Township 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 October 1, 2007, 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. 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 and audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in accessing 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 and 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.



Willoughby & Company, Inc. - Certified Public Accountants

October 1, 2007

Warren Township, Tuscarawas County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

This discussion and analysis of Warren Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's 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 2006 and 2005 are as follows:

Net assets of governmental activities were \$238,146 in 2006.

The Township's general receipts were primarily property taxes, grants and entitlements. These receipts represent respectively 35 and 44 percent of the total cash received for governmental activities during 2006. Property tax and grants & entitlement receipts for 2006 increased due to the recording of a \$56,305 FY-04 Community Development Block Grant. Although the grant was awarded in 2004, work was not completed until the end of 2005 or early in 2006 and information to record the grant monies expended on the township's behalf were not available until 2006.

Net assets of governmental activities were \$210,449 in 2005.

The Township's general receipts were primarily property taxes and entitlements. These receipts represent respectively 39 and 30 percent of the total cash received for governmental activities during 2005.

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 Government'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 government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Warren Township, Tuscarawas County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

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 a basis of accounting 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.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. 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 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 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 governmental activities include the Township's programs and services, including general government services, road and bridge maintenance and cemetery upkeep. State and federal grants 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 Township'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. All of the Township's activities are reported in 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 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 Township's major governmental funds are the General Fund, Gasoline Tax, Road & Bridge and Permanent Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the

Warren Township, Tuscarawas County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Township as a Whole

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

Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data was not presented for 2004. In future years, when prior information is available a comparative analysis will be presented for three years.

(Table 1)
Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$238,146	\$210,449
Net Assets		
Restricted for:		
Other purposes	\$147,540	\$143,367
Unrestricted	90,606	67,082
Total Net Assets	\$238,146	\$210,449

The net assets of governmental activities increased \$27,697 or 13 percent during 2006. The primary reasons contributing to the increase in cash balances are as follows:

- An additional \$16,974 received from gasoline tax and \$7,709 more in intergovernmental receipts in the General Fund.

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

Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data was not presented for 2004. In future years, when prior information is available a comparative analysis will be presented for three years.

Warren Township, Tuscarawas County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$3,600	\$6,875
Operating Grants and Contributions	99,964	82,229
Total Program Receipts	103,564	89,104
General Receipts:		
Property and Other Local Taxes	83,116	82,438
CDBG Grant	56,305	0
Grants and Entitlements Not Restricted to Specific Programs	50,383	64,364
Interest	8,404	5,354
Miscellaneous	4,178	20,438
Total General Receipts	202,386	172,593
Total Receipts	305,950	261,697
Disbursements:		
General Government	72,481	64,634
Public Safety	12,500	8,500
Public Works	171,706	143,971
Health	7,050	8,378
Capital Outlay	3,226	1,632
Principal Retirement	11,100	11,000
Interest and Fiscal Charges	190	527
Total Disbursements	278,253	238,642
Net Assets, January 1	210,449	187,394
Net Assets, December 31	\$238,146	\$210,449

Warren Township, Tuscarawas County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

For both 2006 and 2005, program receipts represent 34 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, and cemetery fees for burials.

In 2006, general receipts represent 66 percent of the Township's total receipts, and of this amount, over 41 percent are property taxes. State and federal grants and entitlements make up the balance of the Government's general receipts (59 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

In 2005, general receipts represent 66 percent of the Township's total receipts, and of this amount, over 48 percent are property taxes. State grants and entitlements make up the balance of the Township's general receipts (36 percent). 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 trustees and the fiscal officer, as well as internal services such as payroll and purchasing.

Disbursements of Public Safety are the cost of providing fire and ambulance services to the Township's residents.

Disbursements of Public Works are the cost of constructing, maintaining and repairing Township roads.

Health is the health department fee and cemetery maintenance.

Principle retirement is for payments on a loan for a backhoe.

Governmental Activities

If you look at the Statement of Activities on pages 11 and 18, 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 in 2006 and 2005 are for Public Works, which account for 62 percent and 60 percent, respectively, of all governmental disbursements. General government also represents a significant cost, about 26 percent and 27 percent for 2006 and 2005, respectively. 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.

Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data was not presented for 2004. In future years, when prior information is available a comparative analysis will be presented for three years.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. Only the interest earned on the corpus is able to be spent. The Township has four private-purpose trust funds that are classified as fiduciary funds.

Warren Township, Tuscarawas County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

(Table 3)

	Governmental Activities			
	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2006	2005	2006	2005
General Government	\$72,481	\$64,634	(\$72,481)	(\$64,634)
Public Safety	\$12,500	\$8,500	(\$12,500)	(\$8,500)
Public Works	171,706	143,971	(73,783)	(63,226)
Health	7,050	8,378	(1,409)	(19)
Capital Outlay	3,226	1,632	(3,226)	(1,632)
Principal Retirement	11,100	11,000	(11,100)	(11,000)
Interest and Fiscal Charges	190	527	(190)	(527)
Total Expenses	\$278,253	\$238,642	(\$174,689)	(\$149,538)

The dependence upon property tax receipts is apparent as over 30 and 35 percent of governmental activities are supported through these general receipts for 2006 and 2005, respectively.

The Township's Funds

In 2006, total governmental funds had receipts of \$305,950 and disbursements of \$278,253. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$23,524 as the result of increased intergovernmental receipts and increased earnings on investments.

In 2005, total governmental funds had receipts of \$261,697 and disbursements of \$238,642. Again, the greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$12,245 as the result of increased intergovernmental receipts and increased earnings on investments.

General Fund Budgeting Highlights

The Township'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.

During 2006 and 2005, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to intergovernmental receipts and an increase in earnings on investments. The difference between final budgeted receipts and actual receipts was not significant.

In 2006, final disbursements were budgeted at \$139,200 while actual disbursements were \$78,272 because the Township over Estimated General Government Expenditures by \$48,399 which makes up a majority of the difference.

In 2005, final disbursements were budgeted at \$110,133 while actual disbursements were \$72,526 because the Township over Estimated General Government Expenditures by \$33,130 which makes up a majority of the difference.

Warren Township, Tuscarawas County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Capital Assets and Debt Administration

Capital Assets

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

Debt Administration

At December 31, 2006, the Township had no outstanding debt.

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 no industry to support the tax base. As tax revenues fail to keep up with increased expenses, it is the hope that the Township provides will not decrease in quality and quantity. Warren Township has been fortunate to have a solid tax base historically. The threat of annexation and the decrease in state funding are the potential threats to that base. At this time, the Township does not anticipate going to the taxpayers to ask for additional monies.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors 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 Mary Ellen Gooding, Fiscal Officer, Warren Township, 4093 St. Rt. 212 NE, Mineral City, Ohio.

Warren Township
Tuscarawas County
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$238,146</u>
	<u>\$238,146</u>
Net Assets	
Restricted for:	
Other Purposes	\$147,540
Unrestricted	<u>90,606</u>
<i>Total Net Assets</i>	<u>\$238,146</u>

See accompanying notes to the basic financial statements.

Warren Township
Tuscarawas County
 Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2006

	General	Gasoline Tax	Road and Bridge	Permanent Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$90,606	\$48,685	\$23,050	\$30,148	\$45,657	\$238,146
	<u>\$90,606</u>	<u>\$48,685</u>	<u>\$23,050</u>	<u>\$30,148</u>	<u>\$45,657</u>	<u>\$238,146</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$90,606					\$90,606
Special Revenue Funds		\$48,685	\$23,050		\$36,110	107,845
Permanent Fund				\$30,148	\$9,547	39,695
<i>Total Fund Balances</i>	<u>\$90,606</u>	<u>\$48,685</u>	<u>\$23,050</u>	<u>\$30,148</u>	<u>\$45,657</u>	<u>\$238,146</u>

See accompanying notes to the basic financial statements.

Warren Township
Tuscarawas County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road and Bridge	Permanent	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$42,083		\$31,563		\$9,470	\$83,116
Intergovernmental	47,123	\$90,204	4,695		64,990	207,012
Licenses, Permits, and Fees					3,000	3,000
Interest	6,246	1,751		\$1,665	783	10,445
Other		1,023	647		800	2,270
Total Receipts	95,452	92,978	36,905	1,665	78,843	305,843
Disbursements						
Current:						
General Government	72,376			105		72,481
Public Safety					12,500	12,500
Public Works	1,250	71,844	25,441		73,171	171,706
Health	4,646				2,404	7,050
Capital Outlay		2,445			781	3,226
Debt Service:						
Principal		11,100				11,100
Interest		190				190
Total Disbursements	78,272	85,579	25,441	105	88,856	278,253
Excess Receipts Over (Under) Disbursements	17,180	7,399	11,464	1,560	(10,013)	27,590
Other Financing Sources (Uses)						
Other Financing Sources	58		49			107
Transfers-In	6,286					6,286
Transfers-Out					(6,286)	(6,286)
Total Other Financing Sources (Uses)	6,344		49		(6,286)	107
Net Change in Fund Balances	23,524	7,399	11,513	1,560	(16,299)	27,697
Fund Cash Balances, Beginning of Year	67,082	41,286	11,537	28,588	61,956	210,449
Fund Cash Balances, End of Year	\$90,606	\$48,685	\$23,050	\$30,148	\$45,657	\$238,146

See accompanying notes to the basic financial statements.

Warren Township
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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$42,400	\$42,112	\$42,083	(\$29)
Intergovernmental	35,687	46,994	47,123	129
Interest	1,157	6,246	6,246	0
<i>Total Receipts</i>	79,244	95,352	95,452	100
Disbursements				
Current:				
General Government	120,275	120,775	72,376	48,399
Public Works	5,625	5,625	1,250	4,375
Health	9,300	11,800	4,646	7,154
Conservation - Recreation	1,000	1,000	1,000	1,000
<i>Total Disbursements</i>	136,200	139,200	78,272	60,928
<i>Excess of Receipts Over (Under) Disbursements</i>	(56,956)	(43,848)	17,180	61,028
Other Financing Sources (Uses)				
Other Financing Sources			58	58
Other Financing Uses	(3,993)	(993)		993
Transfers In		6,286	6,286	0
Transfers Out	(1,571)	(1,571)		1,571
<i>Total Other Financing Sources (Uses)</i>	(5,564)	3,722	6,344	2,622
<i>Net Change in Fund Balance</i>	(62,520)	(40,126)	23,524	63,650
<i>Fund Balance Beginning of Year</i>	63,185	63,185	63,185	0
Prior Year Encumbrances Appropriated	3,897	3,897	3,897	0
<i>Fund Balance End of Year</i>	\$4,562	\$26,956	\$90,606	\$63,650

See accompanying notes to the basic financial statements.

Warren Township
Tuscarawas 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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$85,600	\$90,204	\$90,204	0
Interest		1,609	1,751	142
Other		1,023	1,023	0
<i>Total Receipts</i>	85,600	92,836	92,978	142
Disbursements				
Current:				
Public Works	96,021	96,021	71,844	24,177
Capital Outlay	10,000	10,000	2,445	7,555
Debt Service:				
Principal Retirement	12,000	12,000	11,100	900
Interest	600	600	190	410
<i>Total Disbursements</i>	118,621	118,621	85,579	33,042
<i>Excess of Receipts Over (Under) Disbursements</i>	(33,021)	(25,785)	7,399	33,184
<i>Net Change in Fund Balance</i>	(33,021)	(25,785)	7,399	33,184
<i>Fund Balance Beginning of Year</i>	41,286	41,286	41,286	0
<i>Fund Balance End of Year</i>	\$8,265	\$15,501	\$48,685	\$33,184

See accompanying notes to the basic financial statements.

Warren Township
Tuscarawas County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$30,700	\$31,560	\$31,563	3
Intergovernmental	3,690	4,695	4,695	0
Other		647	647	0
<i>Total Receipts</i>	<u>34,390</u>	<u>36,902</u>	<u>36,905</u>	<u>3</u>
Disbursements				
Current:				
Public Works	43,600	43,600	25,441	18,159
Capital Outlay	1,500	1,500		1,500
<i>Total Disbursements</i>	<u>45,100</u>	<u>45,100</u>	<u>25,441</u>	<u>19,659</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,710)</u>	<u>(8,198)</u>	<u>11,464</u>	<u>19,662</u>
Other Financing Sources (Uses)				
Other Financing Sources			49	49
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>49</u>	<u>49</u>
<i>Net Change in Fund Balance</i>	<u>(10,710)</u>	<u>(8,198)</u>	<u>11,513</u>	<u>19,711</u>
<i>Fund Balance Beginning of Year</i>	<u>11,537</u>	<u>11,537</u>	<u>11,537</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$827</u>	<u>\$3,339</u>	<u>\$23,050</u>	<u>\$19,711</u>

See accompanying notes to the basic financial statements.

Warren Township
Tuscarawas County
Statement of Net Assets - Cash Basis
December 31, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$210,449</u>
	<u>\$210,449</u>
Net Assets	
Restricted for:	
Other Purposes	\$143,367
Unrestricted	<u>67,082</u>
<i>Total Net Assets</i>	<u>\$210,449</u>

See accompanying notes to the basic financial statements.

Warren Township
Tuscarawas County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	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	\$64,634			(\$64,634)
Public Safety	8,500			(8,500)
Public Works	143,971		\$80,745	(63,226)
Health	8,378	\$6,875	1,484	(19)
Capital Outlay	1,632			(1,632)
Debt Service:				
Principal Retirement	11,000			(11,000)
Interest and Fiscal Charges	527			(527)
Total Governmental Activities	\$238,642	\$6,875	\$82,229	(\$149,538)
		General Receipts		
		Property Taxes Levied for General Purposes		82,438
		Grants and Entitlements not Restricted to Specific Programs		64,364
		Interest		5,354
		Miscellaneous		20,437
		Total General Receipts		172,593
		Change in Net Assets		23,055
		<i>Net Assets Beginning of Year</i>		<u>187,394</u>
		<i>Net Assets End of Year</i>		<u>\$210,449</u>

See accompanying notes to the basic financial statements.

Warren Township
Tuscarawas County
 Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2005

	General	Gasoline Tax	Road and Bridge	Permanent	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$67,082	\$41,286	\$11,537	\$28,588	\$61,956	\$210,449
	<u>\$67,082</u>	<u>\$41,286</u>	<u>\$11,537</u>	<u>\$28,588</u>	<u>\$61,956</u>	<u>\$210,449</u>
Fund Balances						
Reserved:						
Reserve for Encumbrances	\$3,897					\$3,897
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	63,185					63,185
Special Revenue Funds		\$41,286	\$11,537		\$33,602	86,425
Permanent Fund				\$28,588	28,354	56,942
Total Fund Balances	<u>\$67,082</u>	<u>\$41,286</u>	<u>\$11,537</u>	<u>\$28,588</u>	<u>\$61,956</u>	<u>\$210,449</u>

See accompanying notes to the basic financial statements.

Warren Township
Tuscarawas County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Gasoline Tax	Road and Bridge	Permanent	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$42,461		\$30,592		\$9,385	\$82,438
Intergovernmental	39,413	\$73,230	3,471		29,990	146,104
Licenses, Permits, and Fees					4,075	4,075
Interest	3,644	1,425		1,218	552	6,839
Other	824	4,201	4,496		2,800	12,321
Total Receipts	86,342	78,856	38,559	1,218	46,802	251,777
Disbursements						
Current:						
General Government	64,443			191		64,634
Public Safety					8,500	8,500
Public Works	1,574	73,800	47,319		21,278	143,971
Health	6,509				1,869	8,378
Capital Outlay		1,269			363	1,632
Debt Service:						
Principal		11,000				11,000
Interest		527				527
Total Disbursements	72,526	86,596	47,319	191	32,010	238,642
Excess Receipts Over (Under) Disbursements	13,816	(7,740)	(8,760)	1,027	14,792	13,135
Other Financing Sources (Uses)						
Other Financing Sources						
Transfers-In		3,032	4,598		2,290	9,920
Transfers-Out	(1,571)				1,571	(1,571)
Total Other Financing Sources (Uses)	(1,571)	3,032	4,598	0	3,861	9,920
Net Change in Fund Balances	12,245	(4,708)	(4,162)	1,027	18,653	23,055
Fund Cash Balances, Beginning of Year	54,837	45,994	15,699	27,561	43,303	187,394
Fund Cash Balances, End of Year	67,082	41,286	11,537	28,588	61,956	210,449

See accompanying notes to the basic financial statements.

Warren Township
Tuscarawas County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$41,600	\$42,393	\$42,461	\$68
Intergovernmental	32,676	39,397	39,413	16
Interest	1,145	3,644	3,644	0
Other		824	824	0
<i>Total Receipts</i>	<u>75,421</u>	<u>86,258</u>	<u>86,342</u>	<u>84</u>
Disbursements				
Current:				
General Government	97,476	97,573	64,443	33,130
Public Works	5,200	5,200	1,574	3,626
Health	7,350	7,360	6,509	851
<i>Total Disbursements</i>	<u>110,026</u>	<u>110,133</u>	<u>72,526</u>	<u>37,607</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(34,605)</u>	<u>(23,875)</u>	<u>13,816</u>	<u>37,691</u>
Other Financing Sources (Uses)				
Other Financing Sources	5,224			0
Other Financing Uses	(6,929)	(6,822)		6,822
Transfers Out	(1,571)	(1,571)	(1,571)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(3,276)</u>	<u>(8,393)</u>	<u>(1,571)</u>	<u>6,822</u>
<i>Net Change in Fund Balance</i>	<u>(37,881)</u>	<u>(32,268)</u>	<u>12,245</u>	<u>44,513</u>
<i>Fund Balance Beginning of Year</i>	<u>54,837</u>	<u>54,837</u>	<u>54,837</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$16,956</u>	<u>\$22,569</u>	<u>\$67,082</u>	<u>\$44,513</u>

See accompanying notes to the basic financial statements.

Warren Township
Tuscarawas County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$67,603	\$73,230	\$73,230	0
Interest	372	1,425	1,425	0
Other		4,201	4,201	0
<i>Total Receipts</i>	67,975	78,856	78,856	0
Disbursements				
Current:				
Public Works	83,305	86,448	73,800	12,648
Capital Outlay	10,000	10,000	1,269	8,731
Debt Service:				
Principal Retirement	11,000	11,000	11,000	0
Interest	1,200	1,200	527	673
<i>Total Disbursements</i>	105,505	108,648	86,596	22,052
<i>Excess of Receipts Over (Under) Disbursements</i>	(37,530)	(29,792)	(7,740)	22,052
Other Financing Sources (Uses)				
Other Financing Sources	0	3,032	3,032	0
<i>Total Other Financing Sources (Uses)</i>	0	3,032	3,032	0
<i>Net Change in Fund Balance</i>	(37,530)	(26,760)	(4,708)	22,052
<i>Fund Balance Beginning of Year</i>	45,994	45,994	45,994	0
<i>Fund Balance End of Year</i>	\$8,464	\$19,234	\$41,286	\$22,052

See accompanying notes to the basic financial statements.

Warren Township
Tuscarawas County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$31,200	\$30,592	\$30,592	0
Intergovernmental	3,653	3,471	3,471	0
Other		4,496	4,496	0
<i>Total Receipts</i>	34,853	38,559	38,559	0
Disbursements				
Current:				
Public Works	43,853	49,269	47,319	1,950
Capital Outlay	2,663	1,476		1,476
<i>Total Disbursements</i>	46,516	50,745	47,319	3,426
<i>Excess of Receipts Over (Under) Disbursements</i>	(11,663)	(12,186)	(8,760)	3,426
Other Financing Sources (Uses)				
Other Financing Sources		4,598	4,598	0
<i>Total Other Financing Sources (Uses)</i>	0	4,598	4,598	0
<i>Net Change in Fund Balance</i>	(11,663)	(7,588)	(4,162)	3,426
<i>Fund Balance Beginning of Year</i>	15,699	15,699	15,699	0
<i>Fund Balance End of Year</i>	\$4,036	\$8,111	\$11,537	\$3,426

See accompanying notes to the basic financial statements.

Warren Township
Tuscarawas County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 1 – Reporting Entity

Warren Township, Tuscarawas 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 Township also has an elected Township Clerk.

The reporting entity is comprised of the primary governmental, 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. The Township contracts with the Sherrodsville Volunteer Fire Department Inc. and Fairfield Township Fire Department for fire protection. Police protection is provided by the Tuscarawas County Sheriff's department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Warren Township has no component units.

C. Jointly Governed Organization

The Township participates in the Tuscarawas County Regional Planning Commission as a jointly governed organization. Note 13 to the financial statements provides additional information for this entity.

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

Warren Township
Tuscarawas County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2C, 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. Following are the more significant of the Township's accounting policies.

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.

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 nonexchange transactions. Warren Township has no business type activities.

The statement of net assets presents the cash balances 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support 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.

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 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.

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 all governmental.

Warren Township
Tuscarawas County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund and Permanent 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 Gasoline Tax Fund is used to account for gasoline tax money, which the Township can only use to pay for constructing, maintaining, and repairing Township roads. The Road and Bridge Fund is used to account for tax money which the Township can only use for constructing, maintaining, and repairing Township roads. The Permanent Fund is a non-expendable endowment trust fund. Only interest generated by these funds is spent to help maintain the cemeteries.

The other governmental funds of the Township account for grants 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. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

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 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 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 fund, department, 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 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 certificated of estimated resources in effect at the time final appropriations were passed by the Township.

Warren Township
Tuscarawas County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

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 Township during the year.

E. Cash and Investments

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

The Township had no investments during 2006 and 2005.

During 2006 and 2005, the Township had funds in a Super Plus Savings Account.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts in 2006 were credited to the General Fund in the amount of \$6,246, and other Governmental Funds in the amount of \$4,199. Interest receipts in 2005 were credited to the General Fund in the amount of \$3,644, and other Governmental Funds in the amount of \$3,195.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not report any restricted assets during 2006 or 2005.

G. Inventory and Prepaid Items

The Township 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 Township 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 Township's cash basis of accounting.

Warren Township
Tuscarawas County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's 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.

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 work.

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

N. Fund Balance Reserves

The Township 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

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 – Change in Basis of Accounting

During 2004, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. During 2005, the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Warren Township
Tuscarawas County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

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, Gasoline Tax Fund and Road and Bridge Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). There are no encumbrances outstanding at year end for any of the funds required to present budgetary comparisons for 2006. There were encumbrances outstanding at year end in the General Fund for 2005.

Note 5 – Deposits and Investments

Monies held by the Township are classified by 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 Trustees have 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 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;

Warren Township
Tuscarawas County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 5 – Deposits and Investments (continued)

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.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006, \$161,205 of the Township's bank balance of \$261,205 was exposed to custodial credit risk. At December 31, 2005, \$124,770 of the Township's bank balance of \$224,770 was exposed to custodial credit risk because those 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.

The Township 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 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.

Investments

The Township had no investments during 2006 or 2005.

Note 6 – 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 2006 and 2005 represent the collection of 2005 and 2004 taxes, respectively. Real property taxes received in 2006 and 2005 were levied after October 1, 2005 and 2004, on the assessed values as of January 1, 2005 and 2004, 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.

Warren Township
Tuscarawas County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 6 – Property Taxes (continued)

Public utility property tax receipts received in 2006 and 2005 represent the collection of 2005 and 2004 taxes. Public utility real and tangible personal property taxes received in 2006 and 2005 became a lien on December 31, 2005 and 2004, were levied after October 1, 2005 and 2004 respectively, 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 and 2005 (other than public utility property) represent the collection of 2006 and 2005 taxes. Tangible personal property taxes received in 2006 and 2005 were levied after October 1, 2005 and 2004, on the true value as of December 31, 2005 and 2004. Tangible personal property is currently assessed at 25 percent of the 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 Township operations for the year ended December 31, 2006 and 2005, was \$3.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

Real Property	<u>2006</u>	<u>2005</u>
Residential/Agricultural	\$24,119,850	\$23,518,540
Other	1,623,740	1,639,690
Public Utility/Personal Property	<u>1,365,910</u>	<u>1,364,260</u>
Total Assessed Value	<u>\$27,109,500</u>	<u>\$26,522,490</u>

Note 7 – Risk Management

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Inland Marine
- Vehicles
- Errors and omission

The Township also provides health insurance and vision coverage to a full-time employee through a private carrier. There has been no reduction in coverage over the last two years.

Warren Township
Tuscarawas County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 8 – Defined Benefit Pension Plan

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 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.

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 and 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent and 8.5 percent, respectively, of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 and 2005 was 13.70 percent and 13.55 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$15,902, \$14,791, and \$14,328 respectively. The full amount has been contributed for 2006, 2005 and 2004.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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 2006 and 2005 local government employer contribution rate was 13.7 percent of covered payroll; 4.50 and 4.0 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 6.50 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 .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

Warren Township
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Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 9 - Postemployment Benefits (continued)

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.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 and 2005 which were used to fund postemployment benefits were \$9,597 and \$9,089, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (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 10 - Debt

The Township'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>						
General Obligation Note						
Issued in 2003-Originally \$23,100	3.25%	\$11,100	\$0	\$11,100	\$0	\$0

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

Note 11 - Interfund Transfers

During 2006, the following transfer was made:

Transfer from the Other Governmental Fund to:	
General Fund	\$6,286

During 2005, the following transfer was made:

Transfer from the General Fund to:	
Other Governmental Fund	\$1,571

Transfers represent the allocation of receipts collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Warren Township
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Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 13 – Jointly Governed Organization

The Township is associated with the Tuscarawas County Regional Planning Commission as a Jointly Governed Organization. The Commission is statutorily created political subdivision of the State. The Commission is jointly governed amount Tuscarawas County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board. The commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and Governmental characteristic, functions and services of the county. The Township contributed \$131 to the Regional Planning Commission for membership for 2006 and 2005, respectively.

Note 14 – Subsequent Event

On December 30, 2006, the Township obtained a promissory note with Sky Bank to purchase a tractor and mower. The note was signed before the end of the year to lock in an interest rate of 5.1%, fixed over five years. The money was not disbursed to purchase the equipment until January 2007.



WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

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

Warren Township
Tuscarawas County
4093 State Route 212, NE
Mineral City, Ohio 44656

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 Warren Township, Tuscarawas County, (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 1, 2007 wherein we noted the Township revised its financial statements for 2006 and 2005, making them comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. 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 Township'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 Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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 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 the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Township'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.



Willoughby & Company, Inc. - Certified Public Accountants

October 1, 2007



Mary Taylor, CPA
Auditor of State

WARREN TOWNSHIP

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 25, 2008**