

***SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO***

AUDIT REPORT

For The Years Ended December 31, 1998 and 1999

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



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Sandy Township
4387 Crossroads Road
P. O. Box 45
Sandyville, Ohio 44671

We have reviewed the independent auditor's report of Sandy Township, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 1998 through December 31, 1999. 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. Sandy Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 23, 2000

SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Audit Report
For the Years Ended December 31, 1998 and 1999

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SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Audit Report
For the Years Ended December 31, 1998 and 1999

<u>ELECTED OFFICIALS</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>SURETY PERIOD</u>
Leland C. Swinford 11275 West Avenue P.O. Box 102 Sandyville, Ohio 44671	Chairman	1/1/96 to 12/31/99	(A)	1/1/96 - 12/31/99
Betty M. Frank	Trustee	1/1/98 to 12/31/01	(A)	1/1/98 - 12/31/01
Donald E. Steinbaugh	Trustee	1/1/98 to 12/31/01	(A)	1/1/98 - 12/31/01
 <u>APPOINTED OFFICIALS</u>				
Marie Wahl	Clerk	4/1/96 to 3/31/00	(B)	4/1/96 - 3/31/00

Statutory Legal Counsel

Amanda Spies Bornhorst, Prosecuting Attorney
Tuscarawas County Courthouse
New Philadelphia, Ohio 44663

Township Address
4387 Crossroads Road
P.O. Box 45
Sandyville, Ohio 44671

- (A) Personal Service Insurance Company for \$1,000.
- (B) Western Surety Company \$1,000.

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

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

**Board of Trustees
Sandy Township
Sandyville, Ohio**

We have audited the accompanying financial statements of Sandy Township (the Township), as of and for the years ended December 31, 1998 and 1999, 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash, investments and fund cash balances of the Township, as of December 31, 1998 and 1999, the receipts, expenditures, and changes in fund cash balances, its statements of receipts - budget and actual and statement of disbursements and encumbrances compared with expenditure authority for the years then ended in conformity with the basis of accounting referred to above.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 9, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Charles E. Harris & Associates, Inc.
August 9, 2000

SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND CASH
BALANCES - ALL FUND TYPES
As of December 31, 1998 and 1999

	<u>1998</u> <u>Balances</u>	<u>1999</u> <u>Balances</u>
Cash and Cash Equivalents	\$ <u>235,649</u>	\$ <u>256,880</u>

Cash Balances By Fund Class

	<u>1998</u> <u>Balances</u>	<u>1999</u> <u>Balances</u>
<u>Governmental Fund Types:</u>		
General Fund	\$ 63,727	\$ 99,500
Special Revenue Funds	120,344	95,802
Capital Project Funds	<u>51,578</u>	<u>61,578</u>
Total	\$ <u>235,649</u>	\$ <u>256,880</u>

See accompanying Notes to the Financial Statements.

**SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>(Memorandum Only) Total</u>
Receipts:				
Taxes	\$ 15,132	\$ 123,858	-	\$ 138,990
Fines and forfeitures	-	7,200	-	7,200
Intergovernmental	65,863	69,410	\$ 22,378	157,651
Special Assessments	-	4,259	-	4,259
Interest	3,078	932	-	4,010
Other	4,753	14,717	-	19,470
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	88,826	220,376	22,378	331,580
Disbursements:				
General government	67,656	-	-	67,656
Public safety	-	30,606	-	30,606
Public works	1,335	135,737	-	137,072
Health	2,324	17,989	-	20,313
Capital Outlay	12,730	2,287	25,800	40,817
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	84,045	186,619	25,800	296,464
Total Receipts Over/(Under) Disbursements	4,781	33,757	(3,422)	35,116
Other Financing Sources (Uses):				
Other financing sources	807	-	-	807
Operating transfers - In	-	-	30,000	30,000
Operating transfers - Out	(30,000)	-	-	(30,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Source (Uses)	(29,193)	-	30,000	807
Total Receipts and Other Sources Over/(Under) Disbursements and Other Uses	(24,412)	33,757	26,578	35,923
Fund Balance 1/1/98	88,139	86,587	25,000	199,726
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance 12/31/98	\$ 63,727	\$ 120,344	\$ 51,578	\$ 235,649
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, 12/31/98	\$ 6,629	\$ 17,585	\$ -	\$ 24,214
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See accompanying Notes to the Financial Statements

**SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>(Memorandum Only) Total</u>
Receipts:				
Taxes	\$ 13,211	\$ 124,273	\$ 10,000	\$ 147,484
Fines and forfeitures	-	6,625	-	6,625
Intergovernmental	107,017	72,494	14,447	193,958
Special Assessments	-	4,209	-	4,209
Interest	2,356	1,055	-	3,411
Other	4,547	9,310	-	13,857
Total Revenues	<u>127,131</u>	<u>217,966</u>	<u>24,447</u>	<u>369,544</u>
Disbursements:				
General government	82,042	-	-	82,042
Public safety	287	70,374	-	70,661
Public works	-	148,554	-	148,554
Health	1,951	8,797	-	10,748
Conservation - recreation	578	-	-	578
Capital Outlay	5,800	15,483	14,447	35,730
Total Disbursements	<u>90,658</u>	<u>243,208</u>	<u>14,447</u>	<u>348,313</u>
Total Receipts Over/(Under) Disbursements	<u>36,473</u>	<u>(25,242)</u>	<u>10,000</u>	<u>21,231</u>
Other Financing Sources (Uses):				
Operating transfers - In	-	700	-	700
Operating transfers - Out	(700)	-	-	(700)
Total Other Financing Source (Uses)	<u>(700)</u>	<u>700</u>	<u>-</u>	<u>-</u>
Total Receipts and Other Sources Over/(Under) Disbursements and Other Uses	<u>35,773</u>	<u>(24,542)</u>	<u>10,000</u>	<u>21,231</u>
Fund Balance 1/1/99	<u>63,727</u>	<u>120,344</u>	<u>51,578</u>	<u>235,649</u>
Fund Balance 12/31/99	<u>\$ 99,500</u>	<u>\$ 95,802</u>	<u>\$ 61,578</u>	<u>\$ 256,880</u>
Reserve for Encumbrances, 12/31/99	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ -</u>	<u>\$ 210</u>

See accompanying Notes to the Financial Statements

**SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
For the Years Ended December 31, 1998 and 1999**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>1998</u>			
Governmental Funds:			
General Fund	\$ 84,376	\$ 89,633	\$ 5,257
Special Revenue Funds	213,786	220,376	6,590
Capital Project Funds	<u>30,000</u>	<u>52,378</u>	<u>22,378</u>
Total (Memorandum Only)	\$ <u>328,162</u>	\$ <u>362,387</u>	\$ <u>34,225</u>
 <u>1999</u>			
Governmental Funds:			
General Fund	\$ 83,295	\$ 127,131	\$ 43,836
Special Revenue Funds	199,421	218,666	19,245
Capital Project Funds	<u>14,447</u>	<u>24,447</u>	<u>10,000</u>
Total (Memorandum Only)	\$ <u>297,163</u>	\$ <u>370,244</u>	\$ <u>73,081</u>

See accompanying Notes to the Financial Statements.

SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
For the Years Ended December 31, 1998 and 1999

Fund Types/Funds	Carryover Appropriation	Year Ending Appropriations	Total	Actual Expenditures	Encumbrances as of Year-End	Total	Variance Favorable/ (Unfavorable)
<u>1998</u>							
Governmental Funds:							
General Fund	\$ -	\$ 172,515	\$ 172,515	\$ 114,045	\$ 6,629	\$ 120,674	\$ 51,841
Special Revenue Funds	3,030	272,052	275,082	186,619	17,585	204,204	70,878
Capital Project Funds	-	57,378	57,378	25,800	-	25,800	31,578
Total (Memorandum Only)	\$ 3,030	\$ 501,945	\$ 504,975	\$ 326,464	\$ 24,214	\$ 350,678	\$ 154,297
<u>1999</u>							
Governmental Funds:							
General Fund	\$ 6,629	\$ 140,393	\$ 147,022	\$ 91,358	\$ -	\$ 91,358	\$ 55,664
Special Revenue Funds	17,585	302,180	319,765	243,208	210	243,418	76,347
Capital Project Funds	-	66,025	66,025	14,447	-	14,447	51,578
Total (Memorandum Only)	\$ 24,214	\$ 508,598	\$ 349,013	\$ 349,013	\$ 210	\$ 349,223	\$ 183,589

See accompanying Notes to the Financial Statements.

SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 and 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Sandy Township, Tuscarawas County, (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected, three-member Board. The Township provides general governmental services, including road and cemetery maintenance. The township collects a 2 mill levy for the Volunteer Fire Department Contracts to provide fire protection to the residents of the Township.

Management believes the financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. REPORTING ENTITY

In evaluating how to define the Township for financial reporting purposes, management has considered all agencies, departments and organizations making up the Sandy Township (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Township, as the primary government, is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and 1) the Township is able to significantly influence the programs or services performed or provided by the organization; or 2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 3) the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Township has determined that there were no component units required to be included the financial statements.

SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 and 1999

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

C. **BASIS OF ACCOUNTING**

The Township prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

D. **INVESTMENTS AND INACTIVE FUNDS**

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received. The only interest received was from the Villages bank checking account.

E. **FUND ACCOUNTING**

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes.

Capital Projects Funds: Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 and 1999

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

F. **BUDGETARY PROCESS**

1. **Budget**

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. **Estimated Resources**

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Clerk by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Clerk. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 1998 and 1999.

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 1998 and 1999. However, those fund balances are available for appropriations.

3. **Appropriations**

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 and 1999

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

F. **BUDGETARY PROCESS** - (continued)

4. **Encumbrances**

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control.

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated. In the budgetary financial statements, encumbrances are added to budgetary expenditures. The budgetary fund balance is cash minus outstanding encumbrances.

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

The Township maintains a cash and investment pool. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, As of December 31, 1998 and 1999."

Legal Requirements

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Township Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Board of Trustees has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 and 1999

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

Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 and 1999

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

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year end, the carrying amount of the Township's deposits were \$ 235,649 in 1998 and \$256,880 in 1999 and the bank balance was \$237,994 in 1998 and \$263,487 in 1999. Of the bank balance,

1. \$100,000 was covered by federal depository insurance in 1998 and 1999; and
2. \$137,994 in 1998 and \$163,487 in 1999 was uninsured, but collateralized by U.S. Government securities and other governments securities pooled by the depository not in the Township's name. As with all deposits, there is a risk of loss of resources, but management believes this collateral gives the Township its safest deposit of money.

Investments: GASB Statement No.3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amounts and market value of investments classified by risk. Category 1 included investments that are insured or registered for which the securities are held in the counter party's trust department or agent in the Township's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the Township's name. At December 31, 1998 and 1999, the Township held no investments that would be classified as investments under GASB Statement No.3.

3. **PROPERTY TAX**

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1995.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 and 1999

3. **PROPERTY TAX** - (continued)

The full tax rate applied to real property for the years ended December 31, 1997 and 1998 (received in 1998 and 1999) were \$6.80 and \$6.80, respectively, per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$6.159846 and \$5.479624 for 1998 and 1999, respectively, per \$1,000 of assessed valuation for real property classified as residential/agricultural. The effective tax rate was \$6.140262 and \$6.070652 1998 and 1999, respectively, per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

The rate applied to tangible personal property for the years ended December 31, 1997 and 1998 (received in 1998 and 1999) was \$6.80 and \$6.80, respectively, per \$1,000 of assessed valuation.

The following represents the assessed property values for the revenues received during the years 1998 and 1999:

Real Property	<u>1997</u>	<u>1998</u>
Residential/Agricultural	\$13,694,860	\$17,307,520
Commercial/Industrial	2,212,750	2,205,389
Public Utilities	22,180	28,470
 Tangible Personal Property		
General	1,361,860	941,050
Public Utilities	<u>4,497,230</u>	<u>4,642,020</u>
 Total Valuation	<u>\$21,788,880</u>	<u>\$25,124,449</u>

The Tuscarawas County Treasurer collects property tax on behalf of all taxing Townships within the county. The Tuscarawas County Auditor periodically remits to the taxing Township their portions of the taxes collected.

SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 and 1999

4. DEFINED BENEFIT PENSION PLAN

The employees of the Township are covered by the Public Employees Retirement System of Ohio (PERS), a cost sharing multiply-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Township is required to contribute 9.35 percent. The contribution rates are determined actuarially. The Township's required contributions to PERS for the years ended December 31, 1999, 1998 and 1997 were \$12,242, \$11,470 and \$10,862. The full amount has been contributed for 1998 and 1997. 76 percent has been contributed for 1999.

5. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio Service credit and to primary survivor recipients of such retirees. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on the authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll for employees; 4.2 percent was the portion that was used to fund health care.

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health and Medicare, along with investments income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999 the unaudited estimated new assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS were 118,062. The Township's actual contributions for 1999 which were used to fund OPEB were \$3,794.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

SANDY TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 1998 and 1999

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal years 1998 and 1999, the Township contracted with one insurance company for coverage of buildings and contents.

The following is a list of insurance coverages of the Township and the deductibles associated with each:

<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Property	\$ 159,000	\$250
Business Automobile:		
Bodily Injury per person	250,000	50 comprehensive
Bodily Injury per accident	500,000	100 collision
Property Damage	100,000	
General Aggregate Limit		
Products - Completed/ Operations Aggregate Limit	1,500,000	-0-
Personal & Advertising Limit	500,000	-0-
Fire Damage Limits	25,000/fire	-0-
Inland Marine	22,066	50
Public Officials Liability	1,000,000	500

Settled claims have not exceeded commercial coverage in the past three years. Also, there have been no material reductions in coverage during the past three years.

The Township Trustees and Clerk are covered by separate bonds.

The Township pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

7. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

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

**Board of Trustees
Sandy Township
Sandyville, Ohio**

We have audited the financial statements of the Sandy Township as of and for the years ended December 31, 1998 and 1999, and have issued our report thereon dated August 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Sandy Township in a separate letter dated August 9, 2000.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Sandy Township in a separate letter dated August 9, 2000.

**Sandy Township
Report on Compliance and on Internal Control
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This report is intended for the information of the Board of Trustees, management, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

***Charles E. Harris & Associates, Inc.*
August 9, 2000**

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 1996 and 1997 did not include material citations or recommendations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**SANDY 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
SEPTEMBER 26, 2000**