

WARREN TOWNSHIP
TUSCARAWAS COUNTY, OHIO

REPORT ON AUDITS OF
FINANCIAL STATEMENTS

JANUARY 1, 1999 -
DECEMBER 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

We have reviewed the Independent Auditor's Report of Warren Township, Tuscarawas County, prepared by Tope & Willoughby, Inc., for the audit period January 1, 1999 to December 31, 2000. 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.

JIM PETRO
Auditor of State

July 27, 2001

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WARREN TOWNSHIP
TUSCARAWAS COUNTY, OHIO
REPORT ON AUDITS OF
FINANCIAL STATEMENTS
JANUARY 1, 1999 -
DECEMBER 31, 2000

FISCAL YEARS AUDITED UNDER
GAGAS: 1999/2000

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WARREN TOWNSHIP
TUSCARAWAS COUNTY
7953 Lake Drive, NE
Mineral City, Ohio 44656

ELECTED OFFICIALS
AS OF DECEMBER 31, 2000

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>
William McDonnell 8879 Lakeview Road, NE Mineral City, Ohio 44656	Chairman	01/01/00-12/31/04	(A)	\$ 4,000
Larry Kirtley 9231 Cutler Road, NE Sherrodsville, Ohio 44675	Trustee	06/01/99-12/31/01	(A)	\$ 1,000
Mary Ellen Gooding 4093 St. Rt. 212, NE Mineral City, Ohio 44656	Clerk	04/01/00-03/31/04	(A)	\$ 5,000

STATUTORY LEGAL COUNSEL
Amanda Bornhorst
Tuscarawas County Prosecutor
Tuscarawas County Courthouse
New Philadelphia, Ohio 44663

(A) Personal Service Insurance Company

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TOPE & WILLOUGHBY, INC.

Certified Public Accountants

216 North Broadway, P.O. Box 1021, New Philadelphia, Ohio 44663

Phone (330) 602-1322 • Fax (330) 602-2610

June 20, 2001

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

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of Warren Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's Trustees. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Warren Township, Tuscarawas County, Ohio, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 20, 2001, on our consideration of the Township's internal control structure and on its compliance with laws and regulations.

This report is intended solely for the information and use of management, the 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.

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
CASH RECEIPTS:			
Local taxes	\$ 32,314	\$ 30,581	\$ 62,895
Intergovernmental	24,386	60,944	85,330
Fines, licenses, and permits	5,058	0	5,058
Interest	2,922	766	3,688
All Other	<u>0</u>	<u>3,389</u>	<u>3,389</u>
Total cash receipts	<u>64,680</u>	<u>95,680</u>	<u>160,360</u>
CASH DISBURSEMENTS:			
Current:			
Conservation - Recreation	1,000	0	1,000
Public safety	0	6,500	6,500
Public works	1,206	75,259	76,465
Health	2,190	6,657	8,847
General government	50,871	0	50,871
Capital outlay	0	51,050	51,050
Debt Service:			
Redemption of principal	0	21,144	21,144
Interest	<u>0</u>	<u>0</u>	<u>0</u>
Total cash disbursements	<u>55,267</u>	<u>160,610</u>	<u>215,877</u>
Total cash receipts over/(under) cash disbursements	9,413	(64,930)	(55,517)
Other Financing Receipts (Disbursements):			
Other financing receipts	13	0	13
Proceeds from notes	<u>0</u>	<u>40,000</u>	<u>40,000</u>
	<u>13</u>	<u>40,000</u>	<u>40,013</u>
Excess (deficit) of cash receipts and other financing receipts over (under) cash disbursements	9,426	(24,930)	(15,504)
Fund cash balances, January 1, 2000	<u>50,720</u>	<u>45,144</u>	<u>95,864</u>
Fund cash balances, December 31, 2000	<u>\$ 60,146</u>	<u>\$ 20,214</u>	<u>\$ 80,360</u>

The accompanying notes are an integral part of these financial statements.

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>NON-EXPENDABLE TRUST</u>
Operating cash receipts:	
Interest	\$ 2,639
Operating cash disbursements:	
Personal services	<u>190</u>
Net receipts over/(under) disbursements	2,449
Fund cash balances, January 1, 2000	<u>47,440</u>
Fund cash balances, December 31, 2000	<u><u>\$49,889</u></u>

The accompanying notes are an integral part of these financial statements.

COMBINED STATEMENT OF CASH RECEIPTS, CASH 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>(Memorandum Only) Total</u>
CASH RECEIPTS:			
Local taxes	\$ 31,689	\$ 29,972	\$ 61,661
Intergovernmental	58,410	62,788	121,198
Fines, licenses, and permits	2,720	0	2,720
Interest	2,937	183	3,120
All other	<u>0</u>	<u>3,770</u>	<u>3,770</u>
Total cash receipts	<u>95,756</u>	<u>96,713</u>	<u>192,469</u>
CASH DISBURSEMENTS:			
Current:			
Conservation - Recreation	500	0	500
Public safety	0	6,500	6,500
Public works	5,211	68,214	73,425
Health	4,455	1,340	5,795
General government	46,364	0	46,364
Capital outlay	0	1,752	1,752
Debt Service:			
Redemption of principal	0	8,319	8,319
Interest	<u>0</u>	<u>1,681</u>	<u>1,681</u>
Total cash disbursements	<u>56,530</u>	<u>87,806</u>	<u>144,336</u>
Total cash receipts over/(under) cash disbursements	39,226	8,907	48,133
Other Financing Receipts (Disbursements):			
Other financing receipts	120	0	120
Proceeds from sale of fixed assets	0	0	0
Proceeds from notes	<u>0</u>	<u>0</u>	<u>0</u>
	<u>120</u>	<u>0</u>	<u>120</u>
Excess (deficit) of cash receipts and other financing receipts over (under) cash disbursements	39,346	8,907	48,253
Fund cash balances, January 1, 1999	<u>11,374</u>	<u>36,237</u>	<u>47,611</u>
Fund cash balances, December 31, 1999	<u>\$ 50,720</u>	<u>\$ 45,144</u>	<u>\$ 95,864</u>

The accompanying notes are an integral part of these financial statements.

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>NON-EXPENDABLE TRUST</u>
Operating cash receipts:	
Interest and gifts	\$ 1,228
Operating cash disbursements:	
Personal services	<u>210</u>
Net receipts over/(under) disbursements	1,018
Fund cash balances, January 1, 1999	<u>46,422</u>
Fund cash balances, December 31, 1999	<u><u>\$47,440</u></u>

The accompanying notes are an integral part of these financial statements.

NOTE 1: **Summary of Significant Accounting Policies**

Description of the Entity

Warren Township (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 provides general governmental services, including road and ditch maintenance, cemeteries, and fire protection. The Township contracts with the Tuscarawas County Sheriff's department to provide security of persons and property.

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

Basis of Accounting

These financial statements were prepared on the cash basis of accounting which is prescribed or permitted by the Auditor of State and which is a comprehensive basis of accounting other than generally accepted accounting principles. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund and the Road District Fund - These funds receive tax revenues from the County Auditor for constructing, maintaining and repairing Township roads.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. Funds for which the Township is acting in an agency capacity are classified as agency funds. The Township had the following significant fiduciary funds:

The Carl, Barrick and Lappin funds are non-expendable cemetery endowment trust funds.

The accompanying notes are an integral part of these financial statements.

NOTE 1: **Summary of Significant Accounting Policies (continued)**

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

Property, Plant, and Equipment

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

Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

NOTE 2: **Equity in Pooled Cash and Investments**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$130,249</u>	<u>\$143,304</u>

Deposits

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

The accompanying notes are an integral part of these financial statements.

NOTE 3: **Budgetary Activity**

Budgetary activity for the years ended December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 60,293	\$ 64,680	\$ 4,387
Special Revenue	96,510	95,680	(830)
Non-expendable trust	<u>1,264</u>	<u>2,639</u>	<u>1,375</u>
Total	<u>\$ 158,067</u>	<u>\$ 162,999</u>	<u>\$ 4,932</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 111,012	\$ 55,267	\$ 55,745
Special Revenue	141,654	160,610	(18,956)
Non-expendable trust	<u>48,704</u>	<u>190</u>	<u>48,514</u>
Total	<u>\$ 301,370</u>	<u>\$ 216,067</u>	<u>\$ 85,303</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 64,496	\$ 95,756	\$ 31,260
Special Revenue	94,152	96,713	2,561
Non-expendable trust	<u>1,993</u>	<u>1,228</u>	<u>(765)</u>
Total	<u>\$ 160,641</u>	<u>\$ 193,697</u>	<u>\$ 33,056</u>

The accompanying notes are an integral part of these financial statements.

NOTE 3: **Budgetary Activity (continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 75,869	\$ 56,530	\$ 19,339
Special Revenue	130,389	87,806	42,583
Non-expendable trust	<u>48,416</u>	<u>210</u>	<u>48,206</u>
Total	<u>\$ 254,674</u>	<u>\$ 144,546</u>	<u>\$ 110,128</u>

NOTE 4: **Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

NOTE 5: **Retirement Systems**

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement health care and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999 PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

The accompanying notes are an integral part of these financial statements.

NOTE 6: **Risk Management**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

NOTE 7: **Debt**

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	<u>\$ 40,000</u>	5.25%

A general obligation note was issued to finance the cost of a grader. This note will be paid over a five year period.

Amortization of the above debt, including interest, is schedule as follows:

<u>Year ending December 31,</u>	<u>General Obligation Note</u>
2001	\$ 9,890
2002	9,470
2003	9,050
2004	8,630
2005	<u>8,210</u>
Total	<u>\$ 45,250</u>

The Township had a note outstanding at December 31, 1998 of \$29,713. This note was originally used to finance the cost of a dump truck. The note was paid in full during 2000.

The accompanying notes are an integral part of these financial statements.



TOPE & WILLOUGHBY, INC.

Certified Public Accountants

216 North Broadway, P.O. Box 1021, New Philadelphia, Ohio 44663

Phone (330) 602-1322 • Fax (330) 602-2610

June 20, 2001

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

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

We have audited the financial statements of Warren Township, Tuscarawas County, Ohio (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 20, 2001. We conducted our audits 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 Warren 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 instances of noncompliance that are required to be reported herein under Government Auditing Standards.

NONCOMPLIANCE

1. Ohio Revised Code Section 5705.41(B) requires that no district is to expend money unless it has been appropriated.

The Township had expenditures exceeding appropriations in the special revenue fund of \$21,144, used for repayment of a note with a local financial institution.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Warren 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 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 the Board of Trustees of the Township in a separate letter dated June 20, 2001.

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

A handwritten signature in cursive script that reads "Tope & Willoughby, Inc." The signature is written in dark ink and is positioned above the printed name of the firm.

TOPE & WILLOUGHBY, INC. - Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
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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
AUGUST 14, 2001**