



**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

GOSHEN TOWNSHIP
TUSCARAWAS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Goshen Township
Tuscarawas County
P.O. Box 41
New Philadelphia, Ohio 44663

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 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 combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, 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 our report dated April 5, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

April 5, 2002

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**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General Fund</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$60,928	\$123,459	\$184,387
Licenses, Permits and Fees	60	0	60
Intergovernmental	69,016	82,358	151,374
Interest	6,133	693	6,826
Other Revenue	1,999	0	1,999
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	138,136	206,510	344,646
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	99,733	0	99,733
Public Safety	4,707	32,431	37,138
Public Works	60,198	157,965	218,163
Health	3,195	0	3,195
Capital Outlay	657	1,895	2,552
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	168,490	192,291	360,781
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over(Under) Cash Disbursements	(30,354)	14,219	(16,135)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Sale of Assets	4,070	0	4,070
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(26,284)	14,219	(12,065)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	138,753	84,060	222,813
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$112,469	\$98,279	\$210,748
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserves For Encumbrances, December 31	\$7,400	\$0	\$7,400
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**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>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General Fund</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$61,771	\$126,535	\$188,306
Licenses, Permits and Fees	65	0	65
Intergovernmental	104,396	79,270	183,666
Interest	12,116	1,613	13,729
Other Revenue	1,192	0	1,192
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	179,540	207,418	386,958
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	92,986	0	92,986
Public Safety	2,307	30,529	32,836
Public Works	69,582	109,941	179,523
Health	3,505	0	3,505
Capital Outlay	15,816	56,763	72,579
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	184,196	197,233	381,429
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over(Under) Cash Disbursements	(4,656)	10,185	5,529
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Sale of Assets	100	0	100
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(4,556)	10,185	5,629
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	143,309	73,875	217,184
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$138,753	\$84,060	\$222,813
	<hr/>	<hr/>	<hr/>
Reserves For Encumbrances, December 31	\$500	\$3,267	\$3,767
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The notes to the financial statements are an integral part of this statement.

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Goshen Township, Tuscarawas County, (the Township) is a body corporate and politic 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City of New Philadelphia to provide fire services and Smith Ambulance Service, Inc., to provide ambulance services.

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

B. Basis of Accounting

These financial statements follow 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).

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

C. Cash and Investments

The Township maintains all cash in an interest-bearing money market checking account.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. 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:

Road and Bridge Fund - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. 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.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$210,748	\$222,813

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$116,365	\$142,206	\$25,841
Special Revenue	198,800	206,510	7,710
Total	\$315,165	\$348,716	\$33,551

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$254,618	\$175,890	\$78,728
Special Revenue	282,860	192,291	90,569
Total	\$537,478	\$368,181	\$169,297

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$129,177	\$179,640	\$50,463
Special Revenue	197,500	207,418	9,918
Total	\$326,677	\$387,058	\$60,381

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$272,486	\$184,696	\$87,790
Special Revenue	271,375	200,500	70,875
Total	\$543,861	\$395,196	\$157,665

4. NONCOMPLIANCE

Contrary to Oho Rev. Code Section 5705.41(D), certain 2001 and 2000 expenditures were not certified prior to incurring the commitment.

5. 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 5.

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

6. RETIREMENT SYSTEM

The Township's 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 postretirement healthcare, 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

Financial Position

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

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$22,684,383	\$18,172,222
Liabilities	<u>8,924,977</u>	<u>5,947,013</u>
Retained earnings	<u>\$13,759,406</u>	<u>\$12,225,209</u>

<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$4,156,784	\$3,544,437
Liabilities	<u>497,831</u>	<u>674,752</u>
Retained earnings	<u>\$3,658,953</u>	<u>\$2,869,685</u>

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Goshen Township
Tuscarawas County
P.O. Box 41
New Philadelphia, Ohio 44663

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-41279-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 5, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 5, 2002.

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

Jim Petro
Auditor of State

April 5, 2002

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-41279-001

Noncompliance Citation

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

This section also provides for two "exceptions" to the above requirements:

- Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid
- If the amount involved is less than \$1,000, the Township Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees

During 2001 and 2000, 30% and 20% of expenditures tested, respectively, were not certified as to the availability of funds by the Township Clerk prior to incurring the obligations. The Township Clerk should inform all Township employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Township should implement the use of so called Then and Now Certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

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**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-41279-001	Ohio Revised Code 5705.41(D), failure to certify funds	No	Partially Corrected - During 1999 and 1998, 93% of expenditures tested were not properly certified. During 2001 and 2000, 30% and 20% of expenditures tested were not properly certified. See Finding Number 2001-41279-001.



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GOSHEN 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
MAY 9, 2002**