



**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Sandy Township  
Tuscarawas County  
P.O. Box 45  
Sandyville, Ohio 44671

To the Board of Trustees:

We have audited the accompanying financial statements of Sandy 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 generally accepted accounting principles.

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 March 15, 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.

Sandy Township  
Tuscarawas County  
Report of Independent Accountants  
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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

March 15, 2002

**SANDY 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$17,538	\$127,418	\$5,000	\$149,956
Intergovernmental	121,626	73,723		195,349
Special Assessments		6,701		6,701
Licenses, Permits, and Fees		9,850		9,850
Earnings on Investments	5,004	472		5,476
Other Revenue	9,398	11,969		21,367
	<u>153,566</u>	<u>230,133</u>	<u>5,000</u>	<u>388,699</u>
<b>Total Cash Receipts</b>				
	<u>153,566</u>	<u>230,133</u>	<u>5,000</u>	<u>388,699</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	106,312			106,312
Public Safety		40,596		40,596
Public Works	10,000	158,202		168,202
Health	1,512	13,365		14,877
Capital Outlay		2,646		2,646
	<u>117,824</u>	<u>214,809</u>	<u>0</u>	<u>332,633</u>
<b>Total Cash Disbursements</b>				
	<u>117,824</u>	<u>214,809</u>	<u>0</u>	<u>332,633</u>
Total Receipts Over/(Under) Disbursements	35,742	15,324	5,000	56,066
Fund Cash Balances, January 1	86,174	73,094	5,428	164,696
	<u>86,174</u>	<u>73,094</u>	<u>5,428</u>	<u>164,696</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$121,916</b></u>	<u><b>\$88,418</b></u>	<u><b>\$10,428</b></u>	<u><b>\$220,762</b></u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**SANDY 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$14,995	\$127,151	\$5,000	\$147,146
Intergovernmental	86,210	70,559		156,769
Special Assessments		5,855		5,855
Licenses, Permits, and Fees		6,275		6,275
Earnings on Investments	2,466	794		3,260
Other Revenue	3,453	9,756		13,209
	<u>107,124</u>	<u>220,390</u>	<u>5,000</u>	<u>332,514</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	90,752			90,752
Public Safety		31,135		31,135
Public Works	5,395	165,862		171,257
Health	2,939	9,642		12,581
Capital Outlay	21,364	36,459	61,150	118,973
	<u>120,450</u>	<u>243,098</u>	<u>61,150</u>	<u>424,698</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	(13,326)	(22,708)	(56,150)	(92,184)
Fund Cash Balances, January 1	99,500	95,802	61,578	256,880
<b>Fund Cash Balances, December 31</b>	<u><b>\$86,174</b></u>	<u><b>\$73,094</b></u>	<u><b>\$5,428</b></u>	<u><b>\$164,696</b></u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Sandy 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 general governmental services, including road and bridge maintenance, cemetery maintenance and fire protection. The Township collects a 2 mill levy for the Volunteer Fire Department Contracts to provide fire protection to the residents of the Township.

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**

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Township invests in an overnight repurchase agreement. Repurchase agreements are valued at cost.

**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 has the following significant Special Revenue Funds:

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*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.

*Fire District Fund* - This fund receives tax revenues from special levies to pay for fire services provided to Township residents.

**3. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects.

**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 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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus encumbered 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.

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

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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

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

	2001	2000
Demand deposits	\$77,029	\$30,089
Overnight Repurchase agreement	143,733	134,607
Total deposits and investments	\$220,762	\$164,696

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

**Investments:** The repurchase agreement is an overnight sweep account reported at cost.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 was as follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$127,806	\$153,566	\$25,760
Special Revenue	209,257	230,133	20,876
Capital Projects	10,000	5,000	(5,000)
Total	\$347,063	\$388,699	\$41,636

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$117,824	(\$117,824)
Special Revenue	0	214,809	(214,809)
Capital Projects	0	0	0
Total	<u>\$0</u>	<u>\$332,633</u>	<u>(\$332,633)</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$120,052	\$107,124	(\$12,928)
Special Revenue	215,370	220,390	5,020
Capital Projects	0	5,000	5,000
Total	<u>\$335,422</u>	<u>\$332,514</u>	<u>(\$2,908)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$199,670	\$120,450	\$79,220
Special Revenue	297,957	243,098	54,859
Capital Projects	61,578	61,150	428
Total	<u>\$559,205</u>	<u>\$424,698</u>	<u>\$134,507</u>

Contrary to Ohio Revised Code Section 5708.38, the Township did not adopt an annual appropriation measure for 2001.

Contrary to Ohio Revised Code Section 5705.41(B), the Township had expenditures in excess of appropriations at December 31, 2001.

**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.

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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

**4. PROPERTY TAX (Continued)**

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.

**5. RETIREMENT SYSTEM**

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. The 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.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance to full-time employees through American Community Mutual Insurance Company.

**7. JOINTLY GOVERNED ORGANIZATION**

**Tuscarawas County Regional Planning Commission (Commission)**

The Township is associated with the Tuscarawas County Regional Planning Commission as a Jointly Governed Organization. The Commission is a statutorily created political subdivision of the State. The Commission is jointly governed among 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 characteristics, functions and services of the county. In 2001, \$356 was paid to the Commission by the Township.

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

Sandy Township  
Tuscarawas County  
P.O. Box 45  
Sandyville, Ohio 44671

To the Board of Trustees:

We have audited the financial statements of Sandy 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 March 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 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 an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 15, 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 March 15, 2002.

Sandy Township  
Tuscarawas County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended 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

March 15, 2002

**SANDY 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**

**FINDING NUMBER 2001-41279-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.38** requires that on or about the first day of each fiscal year, an appropriation measure be passed. **Ohio Rev. Code Section 5705.41(B)** requires that no subdivision or taxing unit is to expend money unless it has been appropriated. The appropriation process is a function of the taxing authority that must be performed by those specific individuals elected to fulfill that responsibility and may not be delegated to anyone else.

The Township did not adopt a permanent appropriation measure for 2001. As a result, expenditures made during that year were not legally expended. Therefore, fund level expenditures plus outstanding encumbrances exceeded appropriations at December 31, 2001 within the following funds:

Fund	Appropriations	Expenditures plus Encumbrances	Variance
<b>General Fund</b>	\$0	\$117,824	(\$117,824)
<b>Special Revenue Funds</b>			
Motor Vehicle License Tax	0	8,851	(8,851)
Gasoline Tax	0	52,069	(52,069)
Road & Bridge	0	92,683	(92,683)
Cemetery	0	14,865	(14,865)
Fire District	0	40,596	(40,596)
Lighting, Sandyville	0	4,450	(4,450)
Lighting, Zoarville	<u>0</u>	<u>1,295</u>	<u>(1,295)</u>
<b>Total Special Revenue Funds</b>	<u>\$0</u>	<u>\$214,809</u>	<u>(\$214,809)</u>

The Trustees should adopt an annual appropriation measure each year, and the Clerk should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the legal level of control to avoid potential overspending.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
APRIL 9, 2002**