



**Auditor of State
Betty Montgomery**

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Tuscarawas Township
Stark County
956 Manchester Road, SW
North Lawrence, Ohio 44666

To the Board of Trustees:

We have audited the accompanying financial statements of Tuscarawas Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.01 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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, 2003 and 2002, 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 May 20, 2004 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 audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 20, 2004

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$27,229	\$336,308		\$363,537
Intergovernmental	111,547	94,591		206,138
Special Assessments		41		41
Licenses, Permits, and Fees	13,848	31,815		45,663
Earnings on Investments	1,754	391		2,145
Other	2,917	24,470		27,387
	<u>157,295</u>	<u>487,616</u>		<u>644,911</u>
Total Cash Receipts	<u>157,295</u>	<u>487,616</u>	<u>\$0</u>	<u>644,911</u>
Cash Disbursements:				
Current:				
General Government	149,782			149,782
Public Safety		60,261		60,261
Public Works	50,317	335,485		385,802
Health	22,657	54,823		77,480
Capital Outlay	57	120		177
	<u>222,813</u>	<u>450,689</u>	<u>0</u>	<u>673,502</u>
Total Cash Disbursements	<u>222,813</u>	<u>450,689</u>	<u>0</u>	<u>673,502</u>
Total Receipts Over/(Under) Disbursements	<u>(65,518)</u>	<u>36,927</u>	<u>0</u>	<u>(28,591)</u>
Other Financing Receipts and (Disbursements):				
Sale of Fixed Assets	8,000			8,000
Transfers-In		8,500		8,500
Transfers-Out	(8,500)			(8,500)
	<u>(500)</u>	<u>8,500</u>	<u>0</u>	<u>8,000</u>
Total Other Financing Receipts/(Disbursements)	<u>(500)</u>	<u>8,500</u>	<u>0</u>	<u>8,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(66,018)	45,427	0	(20,591)
Fund Cash Balances, January 1	<u>206,877</u>	<u>307,382</u>	<u>14</u>	<u>514,273</u>
Fund Cash Balances, December 31	<u>\$140,859</u>	<u>\$352,809</u>	<u>\$14</u>	<u>\$493,682</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.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$27,100	\$314,910		\$342,010
Intergovernmental	227,017	107,768		334,785
Special Assessments		3,440		3,440
Licenses, Permits, and Fees	11,740	33,329		45,069
Earnings on Investments	3,455	554		4,009
Other	8,275	28,158		36,433
	<u>277,587</u>	<u>488,159</u>		<u>765,746</u>
Total Cash Receipts			\$0	765,746
Cash Disbursements:				
Current:				
General Government	157,154			157,154
Public Safety		60,356		60,356
Public Works	49,942	325,576		375,518
Health	21,626	46,362		67,988
Capital Outlay	1,346	70,725		72,071
	<u>230,068</u>	<u>503,019</u>	<u>0</u>	<u>733,087</u>
Total Cash Disbursements			0	733,087
Total Receipts Over/(Under) Disbursements	47,519	(14,860)	0	32,659
Fund Cash Balances, January 1	159,358	322,242	14	481,614
Fund Cash Balances, December 31	<u>\$206,877</u>	<u>\$307,382</u>	<u>\$14</u>	<u>\$514,273</u>
Reserve for Encumbrances, December 31	<u>\$94</u>	<u>\$869</u>	<u>\$0</u>	<u>\$963</u>

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

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Tuscarawas Township, Stark 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, fire protection and emergency medical services. The Township contracts with the North Lawrence, Dalton, and Brewster Fire Departments to provide fire protection and 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

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 had the following significant Special Revenue Funds:

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002
(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 for constructing, maintaining and repairing Township roads and bridges.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. There was no activity within this fund during the past two years.

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 carried over, and need not be reappropriated.

A summary of 2003 and 2002 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. Unpaid Vacation and Sick Leave

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

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments 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:

	2003	2002
Demand deposits	\$10,520	\$39,005
Overnight repurchase agreement	483,162	475,268
Total deposits and investments	\$493,682	\$514,273

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

Investments: The Township's agent holds securities collateralizing repurchase agreements. The securities are not in the Township's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended 2003 and 2002 was as follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$130,070	\$165,295	\$35,225
Special Revenue	485,763	496,116	10,353
Debt Service	1	0	(1)
Total	\$615,834	\$661,411	\$45,577

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$336,947	\$231,313	\$105,634
Special Revenue	793,128	450,689	342,439
Debt Service	15	0	15
Total	\$1,130,090	\$682,002	\$448,088

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$169,707	\$277,587	\$107,880
Special Revenue	484,877	488,159	3,282
Debt Service	1	0	(1)
Total	\$654,585	\$765,746	\$111,161

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$331,159	\$230,162	\$100,997
Special Revenue	803,799	503,888	299,911
Debt Service	14	0	14
Total	\$1,134,972	\$734,050	\$400,922

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 payment, 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.

5. RETIREMENT SYSTEM

The Township's full time employees belong to the Ohio Public Employees Retirement System (OPERS) a cost-sharing, multiple-employer public employee retirement 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 2003 and 2002, members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for both 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public official's liability

The Township also provides health and vision insurance coverage to full-time employees through the Stark County Schools Council of Government.

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**Auditor of State
Betty Montgomery**

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

Tuscarawas Township
Stark County
956 Manchester Road, SW
North Lawrence, Ohio 44666

To the Board of Trustees:

We have audited the financial statements of Tuscarawas Township, Stark County, Ohio, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 20, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 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 the Township in a separate letter dated May 20, 2004.

Internal Control 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.

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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 May 20, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 20, 2004



**Auditor of State
Betty Montgomery**

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TUSCARAWAS TOWNSHIP

STARK 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
JULY 8, 2004**