

**WARREN TOWNSHIP
TUSCARAWAS COUNTY, OHIO**

**REPORT ON AUDITS OF
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003**



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of Warren Township, Tuscarawas County, prepared by Willoughby & Company, Inc., for the audit period January 1, 2003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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, Tuscarawas County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 14, 2005

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**WARREN TOWNSHIP
TUSCARAWAS COUNTY, OHIO**

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WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

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

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

September 16, 2005

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the Independent Accountants' Report we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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INDEPENDENT AUDITORS' REPORT

September 16, 2005

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

To the Board of Trustees:

We have audited the accompanying financial statements of Warren Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

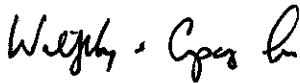
Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or their changes in financial position for the year then ended.

Also, 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, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of and audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in accessing the results of our audit.



Willoughby & Company, Inc. - Certified Public Accountants

WARREN TOWNSHIP
TUSCARAWAS COUNTY, OHIO

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$ 38,487	\$ 38,488			\$ 76,975
Intergovernmental	45,570	85,638	\$ 19,176		150,384
Licenses, Permits, and Fees		2,400			2,400
Earnings on Investments	1,564	622		\$ 738	2,924
Other		3,600			3,600
Total Cash Receipts	<u>85,621</u>	<u>130,748</u>	<u>19,176</u>	<u>738</u>	<u>236,283</u>
Cash Disbursements:					
Current:					
General Government	63,051				63,051
Public Safety		8,500			8,500
Public Works	1,203	79,302			80,505
Health	6,086	1,189			7,275
Supplies and materials				104	104
Debt Service:					
Redemption of principal		1,000			1,000
Interest and Fiscal Charges		611			611
Capital Outlay		30,169	19,176	1,078	50,423
Total Cash Disbursements	<u>70,340</u>	<u>120,771</u>	<u>19,176</u>	<u>1,182</u>	<u>211,469</u>
Total Receipts Over/(Under) Disbursements	15,281	9,977	0	(444)	24,814
Other Financing Receipts/(Disbursements):					
Sale of Notes					0
Transfers-In		1,571			1,571
Transfers-Out	(1,571)				(1,571)
Other financing sources	52	212			264
Total Other Financing Receipts/(Disbursements)	<u>(1,519)</u>	<u>1,783</u>	<u>0</u>	<u>0</u>	<u>264</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	13,762	11,760	0	(444)	25,078
Fund Cash Balances, January 1	<u>41,075</u>	<u>83,942</u>	<u>0</u>	<u>37,300</u>	<u>162,317</u>
Fund Cash Balances, December 31	<u>\$ 54,837</u>	<u>\$ 95,702</u>	<u>\$0</u>	<u>\$ 36,856</u>	<u>\$ 187,395</u>

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

WARREN TOWNSHIP
TUSCARAWAS COUNTY, OHIO

**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>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$ 36,022	\$ 33,533			\$ 69,555
Intergovernmental	53,131	64,200	\$ 12,000		129,331
Licenses, Permits, and Fees		4,000			4,000
Earnings on Investments	1,514	310		\$ 1,067	2,891
Other		1,600			1,600
Total Cash Receipts	<u>90,667</u>	<u>103,643</u>	<u>12,000</u>	<u>1,067</u>	<u>207,377</u>
Cash Disbursements:					
Current:					
General Government	69,029				69,029
Public Safety		8,500			8,500
Public Works	1,202	66,357			67,559
Health	7,240	1,895			9,135
Supplies and materials				1,097	1,097
Debt Service:					
Redemption of principal		8,000	12,000		20,000
Interest and Fiscal Charges		804			804
Capital Outlay		10,000	23,100	15,000	48,100
Total Cash Disbursements	<u>77,471</u>	<u>95,556</u>	<u>35,100</u>	<u>16,097</u>	<u>224,224</u>
Total Receipts Over/(Under) Disbursements	13,196	8,087	(23,100)	(15,030)	(16,847)
Other Financing Receipts/(Disbursements):					
Sale of Notes			23,100		23,100
Transfers-In		1,571			1,571
Transfers-Out	(1,571)				(1,571)
Other financing sources	52				52
Total Other Financing Receipts/(Disbursements)	<u>(1,519)</u>	<u>1,571</u>	<u>23,100</u>	<u>0</u>	<u>23,152</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	11,677	9,658	0	(15,030)	6,305
Fund Cash Balances, January 1	<u>29,398</u>	<u>74,284</u>	<u>0</u>	<u>52,330</u>	<u>156,012</u>
Fund Cash Balances, December 31	<u>\$ 41,075</u>	<u>\$ 83,942</u>	<u>\$0</u>	<u>\$ 37,300</u>	<u>\$ 162,317</u>

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

**WARREN TOWNSHIP
TUSCARAWAS COUNTY, OHIO**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

NOTE 1: Summary of Significant Accounting Policies

Description of the Entity

Warren Township, Tuscarawas County, Ohio (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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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.

**WARREN TOWNSHIP
TUSCARAWAS COUNTY, OHIO**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

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 2004 and 2003 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>2004</u>	<u>2003</u>
Demand deposits	<u>\$187,395</u>	<u>\$162,317</u>

Deposits

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

**WARREN TOWNSHIP
TUSCARAWAS COUNTY, OHIO**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

NOTE 3: Budgetary Activity

Budgetary activity for the years ended December 31, 2004 and 2003 was as follows:

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 85,673	\$ 85,621	\$ (52)
Special Revenue	132,531	132,531	0
Capital Projects	19,176	19,176	0
Non-expendable trust	<u>738</u>	<u>738</u>	<u>0</u>
Total	<u>\$ 238,118</u>	<u>\$ 238,066</u>	<u>\$ (52)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 111,180	\$ 71,911	\$ 39,269
Special Revenue	164,670	120,771	43,899
Capital Projects	19,176	19,176	0
Non-expendable trust	<u>38,298</u>	<u>1,182</u>	<u>37,116</u>
Total	<u>\$ 333,324</u>	<u>\$ 213,040</u>	<u>\$120,284</u>

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 90,719	\$ 90,719	\$ 0
Special Revenue	105,214	105,214	0
Capital Projects	12,000	12,000	0
Non-expendable trust	<u>1,067</u>	<u>1,067</u>	<u>0</u>
Total	<u>\$ 209,000</u>	<u>\$ 209,000</u>	<u>\$ 0</u>

**WARREN TOWNSHIP
TUSCARAWAS COUNTY, OHIO**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

NOTE 3: Budgetary Activity (continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 100,894	\$ 79,042	\$ 21,852
Special Revenue	135,305	95,556	39,749
Capital Projects	35,100	35,100	0
Non-expendable trust	<u>53,876</u>	<u>16,097</u>	<u>37,779</u>
Total	<u>\$ 325,175</u>	<u>\$ 225,795</u>	<u>\$ 99,380</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 in February. If the property owner elects to make semiannual payments, the first half is due in February. The second half payment is due the following July.

Public utilities are also taxed on personal and real property located within the Township.

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 Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003 OPERS 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, 2004 and 2003.

**WARREN TOWNSHIP
TUSCARAWAS COUNTY, OHIO**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

NOTE 6: Risk Management

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

NOTE 7: Debt

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note - Demand	<u>\$ 22,100</u>	2.50% to 3.50%

A general obligation note was issued during 2003 to finance the cost of a backhoe. This note will mature on June 30, 2007.

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

<u>Year ending December 31,</u>	<u>General Obligation Note</u>
2005	\$ 663
2006	718
2007	<u>22,874</u>
Total	<u>\$ 24,255</u>

The Township had a note outstanding at December 31, 2002 of \$20,000. This note was originally used to finance the cost of a grader. The note was paid in full during 2003.



WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

September 16, 2005

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

To the Board of Trustees:

We have audited the financial statements of Warren Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 16, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

Willoughby & Company, Inc. - Certified Public Accountants



**Auditor of State
Betty Montgomery**

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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
DECEMBER 27, 2005**