



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Tuscarawas Township
Stark County
956 Manchester Road S.W.
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, 1999 and 1998. 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 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 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.

As discussed in Note 8 to the financial statements, during the year ended December 31, 1998, the Township changed its method of accounting and reporting for special assessment activity.

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, 1999 and 1998, 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 16, 2000 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.

Tuscarawas Township
Stark 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 16, 2000

**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>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$21,540	\$257,334	\$9,213	\$288,087
Intergovernmental	124,947	103,561		228,508
Special Assessments		3,059		3,059
Licenses, Permits, and Fees	8,954	35,061		44,015
Earnings on Investments	14,703	1,453		16,156
Other	1,497	29,561		31,058
Total Cash Receipts	<u>171,641</u>	<u>430,029</u>	<u>9,213</u>	<u>610,883</u>
Cash Disbursements:				
Current:				
General Government	102,340			102,340
Public Safety		59,941		59,941
Public Works	30,598	261,165		291,763
Health	18,986	51,716		70,702
Debt Service:				
Redemption of Principal			8,333	8,333
Interest and Fiscal Charges			880	880
Capital Outlay	49,030	48,287		97,317
Total Cash Disbursements	<u>200,954</u>	<u>421,109</u>	<u>9,213</u>	<u>631,276</u>
Total Cash Receipts (Under)/Over Cash Disbursement:	<u>(29,313)</u>	<u>8,920</u>	<u>0</u>	<u>(20,393)</u>
Fund Cash Balances, January 1,	<u>156,477</u>	<u>275,646</u>	<u>14</u>	<u>432,137</u>
Fund Cash Balances, December 31,	<u>\$127,164</u>	<u>\$284,566</u>	<u>\$14</u>	<u>\$411,744</u>
Reserves for Encumbrances, December 31,	<u>\$0</u>	<u>\$16,126</u>	<u>\$0</u>	<u>\$16,126</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$20,976	\$251,035	\$9,653	\$281,664
Intergovernmental	90,817	99,559		190,376
Special Assessments		2,732		2,732
Licenses, Permits, and Fees	8,538	31,511		40,049
Earnings on Investments	18,296	1,512		19,808
Other	9,605	32,430		42,035
Total Cash Receipts	<u>148,232</u>	<u>418,779</u>	<u>9,653</u>	<u>576,664</u>
Cash Disbursements:				
Current:				
General Government	105,290			105,290
Public Safety		74,539		74,539
Public Works	30,336	225,905		256,241
Health	20,000	49,798		69,798
Debt Service:				
Redemption of Principal			8,333	8,333
Interest and Fiscal Charges			1,320	1,320
Capital Outlay	71,435	36,052		107,487
Total Cash Disbursements	<u>227,061</u>	<u>386,294</u>	<u>9,653</u>	<u>623,008</u>
Total Cash Receipts (Under)/Over Cash Disbursements	<u>(78,829)</u>	<u>32,485</u>	<u>0</u>	<u>(46,344)</u>
Fund Cash Balances, January 1, (Restated Note 8)	<u>235,306</u>	<u>243,161</u>	<u>14</u>	<u>478,481</u>
Fund Cash Balances, December 31,	<u>\$156,477</u>	<u>\$275,646</u>	<u>\$14</u>	<u>\$432,137</u>
Reserves for Encumbrances, December 31,	<u>\$241</u>	<u>\$1,059</u>	<u>\$0</u>	<u>\$1,300</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Tuscarawas Township, Stark County, Ohio, (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 Bethlehem Township 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

The Township invests in an overnight repurchase agreement.

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 for constructing, maintaining and repairing Township roads and bridges.

Road District Fund - This fund receives tax monies from road levies for constructing, maintaining and repairing Township roads.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of note indebtedness. The Township's only Debt Service Fund is used to account for local taxes used for payment of a Promissory Note for the purchase of a wheel loader.

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 1999 and 1998 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.

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:

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>1999</u>	<u>1998</u>
Demand deposits	\$54,991	\$54,477
Repurchase agreement	<u>356,753</u>	<u>377,660</u>
Total deposits and investments	<u><u>\$411,744</u></u>	<u><u>\$432,137</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$156,980	\$171,641	\$14,661
Special Revenue	436,088	430,029	(6,059)
Debt Service	<u>9,213</u>	<u>9,213</u>	<u>0</u>
Total	<u><u>\$602,281</u></u>	<u><u>\$610,883</u></u>	<u><u>\$8,602</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$313,457	\$200,954	\$112,503
Special Revenue	711,733	437,235	274,498
Debt Service	<u>9,228</u>	<u>9,213</u>	<u>15</u>
Total	<u><u>\$1,034,418</u></u>	<u><u>\$647,402</u></u>	<u><u>\$387,016</u></u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$131,922	\$148,232	\$16,310
Special Revenue	396,755	418,779	22,024
Debt Service	<u>9,653</u>	<u>9,653</u>	<u>0</u>
Total	<u><u>\$538,330</u></u>	<u><u>\$576,665</u></u>	<u><u>\$38,335</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$365,567	\$227,302	\$138,265
Special Revenue	637,594	387,353	250,241
Debt Service	9,668	9,653	15
Total	\$1,012,829	\$624,308	\$388,521

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 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.

5. DEBT

The Township has a \$25,000, 5.28% interest rate, note outstanding at December 31, 1999. The note was issued in 1997 to finance the purchase of a John Deere, Model 444H wheel loader. As of December 31, 1999, one installment of \$8,744 remains. The note, including principal and interest, will mature on December 31, 2000.

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. 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 1999 and 1998, members of 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, 1999.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. 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 insurance and dental and vision coverage to full-time employees through a private carrier.

8. CHANGE IN ACCOUNTING PRINCIPLE

The Township changed its method of accounting and reporting for special assessment activity. The activity was previously accounted for in a Special Assessment Fund Type. In 1998, the Township started to credit its special assessment monies directly into the Special Revenue Fund Type. The effect of this change is as follows:

	Special Revenue Fund Type	Special Assessment Fund Type
Fund cash balance originally stated, December 31, 1997	\$ 227,326	\$ 15,835
Adjustment	15,835	(15,835)
Restated Fund cash balances, January 1, 1998	\$ 243,161	\$ 0
Excess of cash receipts and other financing receipts over cash disbursements originally stated, December 31, 1997	\$ 70,186	\$ 3,160
Adjustment	3,160	(3,160)
Restated excess of cash receipts and other financing receipts over cash disbursements, December 31, 1997	\$ 73,346	\$ 0

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

Tuscarawas Township
Stark County
956 Manchester Road S.W.
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, 1999 and 1998, and have issued our report thereon dated March 16, 2000 in which we noted a change in the method of accounting and reporting for special assessment activity. 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 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 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 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 March 16, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered 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.

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

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 16, 2000.

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 16, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
APRIL 11, 2000**