

***WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 2001

Charles E. Harris and Associates, Inc.
Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Warwick Township
1289 Goshen Valley Road, SE
New Philadelphia, Ohio 44663

We have reviewed the Independent Auditor's Report of Warwick Township, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2000 through December 31, 2001. 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.

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. Warwick Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

July 3, 2002

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WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2000 and 2001

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WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2000 and 2001

<u>ELECTED OFFICIALS</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>SURETY PERIOD</u>
Keith Pretorius 4438 State Rt. 416 SE New Philadelphia, Ohio 44663	Chairman	1/1/98 to 12/31/02	A	1/1/00 – 12/31/01
Robert Briggs	Trustee	1/1/00 to 12/31/04	A	1/1/00 – 12/31/01
Benjamin Roth	Trustee	1/1/98 to 12/31/02	A	1/1/98 – 12/31/01

APPOINTED OFFICIALS

June M. Pool	Clerk	4/1/96 to 3/31/00	B	4/1/96 – 3/31/00
Susan M. Robson	Clerk	4/1/00 to 12/31/04	B	4/1/00 – 12/31/01

Statutory Legal Counsel

Michael Cochran, Prosecuting Attorney
Tuscarawas County Courthouse
125 E High Avenue
New Philadelphia, Ohio 44663

Township Address
1289 Goshen Valley Road, SE
New Philadelphia, OH 44663

A Western Surety Company \$1,500

B Western Surety Company \$5,000

**Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411**

Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

**Board of Trustees
Warwick Township
New Philadelphia, Ohio**

We have audited the accompanying financial statements of Warwick Township, Tuscarawas County, (the Township) as of and for the years ended December 31, 2000 and 2001, as listed in the table of contents. 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.

As discussed in Note 1, the Township prepares its financial statements on a 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 cash, investments, and fund cash balances of Warwick Township, Tuscarawas County, as of December 31, 2000 and 2001, its combined receipts, disbursements, and changes in fund cash balances; its combined statement of receipts - budget and actual, and its combined statement of disbursements and encumbrances compared with expenditure authority, for the years then ended on the basis of accounting described above.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 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 audit.

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

Charles E. Harris & Associates, Inc.
June 26, 2002

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF CASH, INVESTMENTS AND
FUND CASH BALANCES – ALL FUND TYPES
For the Year Ended December 31, 2000 and 2001**

	2000 Balances	2001 Balances
Cash and Cash Equivalents	\$ 204,122	\$ 336,676
	\$ 204,122	\$ 336,676

Cash Balances By Fund Class

Governmental Fund Types:

General Fund	\$ 22,395	\$ 16,435
Special Revenue Funds	51,568	36,205
Capital Projects Funds	130,159	284,036
Totals	\$ 204,122	\$ 336,676

See accompanying Notes to the Financial Statements.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN FUND
CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2000**

	General	Special Revenue	Capital Projects	(Memorandum Only) Total
Receipts:				
Taxes	\$ 12,995	\$ 62,049	-	\$ 75,044
Intergovernmental	61,372	65,132	\$ 30,702	157,206
Interest	1,103	720	-	1,823
Other	16,712	9,262	-	25,974
Total Receipts	92,182	137,163	30,702	260,047
Expenditures:				
General Government	55,801	-	-	55,801
Public Safety	-	25,563	-	25,563
Public Works	-	100,581	-	100,581
Health	400	-	-	400
Conservation	1,519	-	-	1,519
Capital Outlay	15,135	-	-	15,135
Total Expenditures	72,855	126,144	-	198,999
Total Receipts Over/(Under) Expenditures	19,327	11,019	30,702	61,048
Other Financing Sources (Uses):				
Operating Transfers In	-	-	99,457	99,457
Operating Transfers Out	(43,414)	(56,043)	-	(99,457)
Total Other Financing Sources (Uses)	(43,414)	(56,043)	99,457	-
Total Receipts and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(24,087)	(45,024)	130,159	61,048
Fund Balance 1/1/2000	46,482	96,592	-	143,074
Fund Balance 12/31/2000	\$ 22,395	\$ 51,568	\$ 130,159	\$ 204,122

See accompanying Notes to the Financial Statements.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN FUND
CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2001**

	General	Special Revenue	Capital Projects	(Memorandum Only) Total
Receipts:				
Taxes	\$ 13,006	\$ 79,166	-	\$ 92,172
Licenses, Permits and Fees	-	1,237	-	1,237
Intergovernmental	58,956	73,846	\$ 45,877	178,679
Interest	4,018	2,910	-	6,928
Other	1,247	4,223	100,000	105,470
 Total Receipts	 77,227	 161,382	 145,877	 384,486
Expenditures:				
General Government	119,050	-	-	119,050
Public Safety	-	35,422	-	35,422
Public Works	-	130,023	-	130,023
Health	400	-	-	400
Conservation	2,216	-	-	2,216
Capital Outlay	889	-	-	889
Debt Service:				
Principal Retirement	33,651	-	-	33,651
Interest and fiscal charges	1,381	-	-	1,381
 Total Expenditures	 157,587	 165,445	 -	 323,032
 Total Receipts Over/(Under) Expenditures	 (80,360)	 (4,063)	 145,877	 61,454
Other Financing Sources (Uses):				
Sale of Assets	14,100	-	-	14,100
Operating Transfers In	3,300	-	8,000	11,300
Proceeds of Notes	57,000	-	-	57,000
Operating Transfers Out	-	(11,300)	-	(11,300)
 Total Other Financing Sources(Uses)	 74,400	 (11,300)	 8,000	 71,100
 Total Receipts and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	 (5,960)	 (15,363)	 153,877	 132,554
 Fund Balance 1/1/2001	 22,395	 51,568	 130,159	 204,122
 Fund Balance 12/31/2001	 \$ 16,435	 \$ 36,205	 \$ 284,036	 \$ 336,676

See accompanying Notes to the Financial Statements.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS – BUDGET AND ACTUAL
For the Year Ended December 31, 2000**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Fund Types/Funds:			
Governmental Funds:			
General Fund	\$ 120,092	\$ 92,182	\$ (27,910)
Special Revenue Funds	139,150	137,163	(1,987)
Capital Projects Funds	<u>-</u>	<u>130,159</u>	<u>130,159</u>
Total (Memorandum Only)	<u>\$ 259,242</u>	<u>\$ 359,504</u>	<u>\$ 100,262</u>

See accompanying Notes to the Financial Statements.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF EXPENDITURES AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
For the Year Ended December 31, 2000**

<u>Fund Types/Fund</u>	<u>Carryover Appropriation</u>	<u>Year Ending 2000 Appropriation</u>	<u>Total</u>	<u>Actual 2000 Expenditures</u>	<u>Encumbrances as of 12/31/00</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	-	\$ 120,737	\$ 120,737	\$ 116,269	-	\$ 116,269	\$ 4,468
Special Revenue Funds	-	227,743	227,743	182,187	-	182,187	45,556
Capital Projects Funds	-	-	-	-	-	-	-
Total (Memorandum Only)	-	\$ 348,480	\$ 348,480	\$ 298,456	-	\$ 298,456	\$ 50,024

See accompany Notes to the Financial Statements.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS – BUDGET AND ACTUAL
For the Year Ended December 31, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Fund Types/Funds:			
Governmental Funds:			
General Fund	\$ 145,131	\$ 151,627	\$ 6,496
Special Revenue Funds	146,455	161,382	14,927
Capital Projects Funds	<u>153,877</u>	<u>153,877</u>	<u>-</u>
Total (Memorandum Only)	<u>\$ 445,463</u>	<u>\$ 466,886</u>	<u>\$ 21,423</u>

See accompanying Notes to the Financial Statements.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF EXPENDITURES AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
For the Year Ended December 31, 2001**

<u>Fund Types/Fund</u>	<u>Carryover Appropriation</u>	<u>Year Ending 2001 Appropriation</u>	<u>Total</u>	<u>Actual 2001 Expenditures</u>	<u>Encumbrances as of 12/31/01</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	\$ -	\$ 96,426	\$ 96,426	\$ 157,587	\$ -	\$ 157,587	\$ (61,161)
Special Revenue Funds	-	191,183	191,183	176,745	-	176,745	14,438
Capital Projects Funds	-	136,793	136,793	-	-	-	136,793
Total (Memorandum Only)	<u>\$ -</u>	<u>\$ 424,402</u>	<u>\$ 424,402</u>	<u>\$ 334,332</u>	<u>\$ -</u>	<u>\$ 334,332</u>	<u>\$ 90,070</u>

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Warwick Township, Tuscarawas County, (the Township) is a body corporate and politic established for the purpose of exercising 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. The Township provides general governmental services, including road and cemetery maintenance. The Township collects a 1-mill levy for the Warwick Volunteer Fire Department to provide fire protection to the residents of the Township and a 1-mill levy for fire equipment.

Management believes the financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. REPORTING ENTITY

In evaluating how to define the Township for financial reporting purpose, management has considered all agencies, departments and organizations making up the Warwick Township (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Township, as the primary government, is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and 1) the Township is able to significantly influence the programs or services performed or provided by the organization; or 2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or 3) the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Township has determined that there were no component units required to be included the financial statements.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

C. BASIS OF ACCOUNTING

The Township prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis 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.)

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

D. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

E. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of “Fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, and accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

E. FUND ACCOUNTING

Capital Projects Fund: These funds are used to account for financial resources to be used for acquisition or construction of major facilities (other than those financed by proprietary and trust funds).

F. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Clerk by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Clerk. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 2000 and 2001.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

F. BUDGETARY PROCESS – (continued)

2. Estimated Resources – (continued)

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 2000 and 2001. However, those fund balances are available for appropriation.

3. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The legal level of budgetary control is at the object level in all funds. Any budgetary modifications at this level may only be made by ordinance of the Township Trustees.

4. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control.

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated. In the budgetary financial statements, encumbrances are added to budgetary expenditures. The budgetary fund balance is cash minus outstanding encumbrances.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

F. BUDGETARY PROCESS – (continued)

5. Total Columns on Financial Statements

Total columns on the financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Township maintains a cash and investment pool. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, As of December 31, 2000 and 2001."

Legal Requirements

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Township Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (continued)

Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Clerk by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year end, the carrying amount of the Township's deposits were \$204,122 in 2000 and \$336,676 in 2001 and the bank balance was \$209,536 in 2000 and \$350,637 in 2001. All bank deposits in 2000 and 2001 were covered by federal depository insurance and collateralized by U.S. Government securities pooled by the depository not in the Township's name.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (continued)

Investments: GASB Statement No.3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amounts and market value of investments classified by risk. Category 1 included investments that are insured or registered for which the securities are held in the counter party's trust department or agent in the Township's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the Township's name. At December 31, 2000 and 2001, the Township held no investments that would be classified as investments under GASB Statement No.3.

3. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2001.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the years ended December 31, 1999 and 2000 (received in 2000 and 2001) were \$4.80 and \$4.80, respectively, per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$4.033688 and \$4.533688 for 1999 and 2000, respectively, per \$1,000 of assessed valuation for real property classified as residential/agricultural. The effective tax rate was \$4.44162 and \$4.94162 for 1999 and 2000, respectively, per \$1,000 of assessed valuation for all other real property. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$4.80 and \$4.80. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

3. PROPERTY TAX - (continued)

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

The rate applied to tangible personal property for the years ended December 31, 1999 and 2000 (received in 2000 and 2001) was \$4.80 and \$4.80, respectively, per \$1,000 of assessed valuation.

The following represents the assessed property values for the revenues received during the years 2000 and 2001:

	<u>2000</u>	<u>2001</u>
<i>Real Property</i>		
Residential/Agricultural	\$ 15,810,890	\$ 16,117,420
Commercial/Industrial	1,237,180	595,050
Public Utilities	26,970	27,530
 <i>Tangible Personal Property</i>		
General	422,100	511,220
Public Utilities	1,663,400	1,577,630
Mineral	0	560,150
	\$ 19,160,540	\$ 19,389,000
Total Valuation:	\$ 19,160,540	\$ 19,389,000

The Tuscarawas County Treasurer collects property tax on behalf of all taxing Townships within the county. The Tuscarawas County Auditor periodically remits to the taxing Township their portions of the taxes collected.

4. DEBT

In 2001, the Township issued a business loan for \$57,000 for a truck purchase. The Township paid \$33,651 for principal and \$1,381 for interest during 2001. The outstanding balance for this business loan as of December 31, 2001 was \$23,349. All principal will be paid off in 2002.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

5. DEFINED BENEFIT PENSION PLAN

The employees of the Township are covered by the Public Employees Retirement System of Ohio. The State of Ohio accounts for the activities of the retirement system and the amounts of these funds are not reflected in the accompanying financial statements.

The Public Employees Retirement System (PERS) of Ohio is a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. For local government employer units the rate was 13.55% of covered payroll. The Township's contributions for pension obligations to PERS for the years ended December 31, 2001, 2000 and 1999 were \$8,363, \$5,957, and \$7,292; respectively, which equals the required contributions for those years. The full amount has been contributed for 1999 and 2000. And 77.5% has been contributed for 2001.

6. POSTEMPLOYMENT BENEFITS

Public Employees Retirement Systems (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio Service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The 2001 employer contribution rate for local employers was 13.55% of covered payroll; 4.3% was the portion that was used to fund health care.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

6. POSTEMPLOYMENT BENEFITS – (continued)

Public Employees Retirement Systems (PERS) – (continued)

Benefits are advance-funded on an actuarially determined basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively. As of December 31, 2000 (the latest information available), the unaudited estimated new assets available for future OPEB payments were \$10,805.5 million. At December 31, 2000, the total number of benefit recipients eligible for OPEB through PERS was 411,076. The Village's actual contributions for 2001 and 2000 that were used to fund OPEB were \$2,654 and \$1,890, respectively.

7. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal years 2000 and 2001, the Township contracted with one insurance company for coverage of buildings and contents.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

7. RISK MANAGEMENT – (continued)

The following is a list of insurance coverage of the Township and the deductibles associated with each:

<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Legal Liability – Third Party Claims Coverage	2,000,000 Per Occurrence	-
Automobile Liability Coverage	2,000,000 Each Accident	-
Wrongful Acts Coverage	2,000,000 Per Occurrence	\$500 Deductible
Automobile Physical Damage	-	\$250 Comprehensive Deductible and \$250 Collision Deductible
Property Coverage: Building & Contents Inland Marine	\$609,060 Total Insured Values	\$250 Deductible

Settled claims have not exceeded commercial coverage in the past three years. Also, there have been no material reductions in coverage during the past three years.

The Township Trustees and Clerk are covered by separate bonds.

The Township pays the State Worker’s Compensation System a premium based on a rate per \$100 of salaries. This rate is based on a group rating plan under the Ohio Township Association Workers’ Compensation Group Rating Program. See the “Public Entity Pools” note number 8B. for a description of the group rating program.

WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

8. PUBLIC ENTITY POOLS

A. Ohio Township Association Risk Management Authority (OTARMA)

The Ohio Township Association Risk Management Authority (OTARMA) is a public entity self-insurance pool providing property and liability coverages to over 660 Township members in the State of Ohio. OTARMA was formed as an Ohio non-profit corporation for the purpose of providing specialized risk management, loss control and claim services for Township Members. Member Townships agree to jointly participate in coverage of losses and pay all contributing costs necessary for the specified insurance coverages provided by OTARMA. These coverages include property, general liability, public officials errors and omissions, automobile liability, and auto physical damage. See the "Risk Management" note number 7 for the limits and deductible amounts for these policies.

Each member Township has one vote on all matters requiring a vote, to be cast by their designated representative. The affairs of OTARMA are managed by a six member elected Board of Directors. Only the Township's designated representatives are eligible to serve on the Board. None of the Board of Directors is from Warwick Township. The Board has adopted procedures for the operation of the OTARMA pool as outlined in the intergovernmental contract. The day-to-day services consisting of marketing, risk management, underwriting, claims, loss prevention and reinsurance placement are provided under contract with American Risk Pooling Consultants, Inc. and their marketing affiliate, Burnham & Flower Agency of Ohio, Inc. The underwriters evaluate each township individually. The underwriter determines the contribution for each member by evaluation of the risk exposures.

OTARMA is a member of American Public Entity Excess Pool. This allows OTARMA to spread its excess losses with other public entity pools throughout the country. In addition, excess aggregate casualty reinsurance has been purchased from National Reinsurance Company. Property coverages are reinsured by Munich Reinsurance Company.

**WARWICK TOWNSHIP
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

8. PUBLIC ENTITY POOLS – (continued)

B. Ohio Township Association (OTA) Workers' Compensation Group Rating Program

The Township participates in a group rating plan for workers' compensation under Bureau of Workers' Compensation group rating rules Ohio Administrative Code Rules (4123-17-61 through 4123-17-67). The purpose of the program is to provide small and medium sized safety conscious employers an alternative rating method. Group rates are determined by the combined claim and payroll histories of the grouped employees. Only those townships with good claim histories are eligible to participate in the Ohio Township Association (OTA) program, thereby reducing risk and increasing savings. Each township participating must re-qualify each year.

The Ohio Bureau of Workers' Compensation (BWC) remains the insurer for group rating and provides medical and compensation benefits for employees. Based on BWC rules, each group must have a sponsoring association, and members of the group must be in good standing with both the BWC and the association. The association may establish additional rules for better management of the group.

OTA has selected The Frank Gates Service Company to be the group administrator. Frank Gates will perform an annual analysis to determine group eligibility, form groups that maximize savings and reduce risk, review and file BWC payroll reports and premium payments, audit the BWC's determination of experience and rates, provide claims cost containment services, and provide hearing representation at the BWC and Industrial Commission.

9. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Warwick Township
New Philadelphia, Ohio

We have audited the financial statements of the Warwick Township, Tuscarawas County, (the Township) as of and for the years ended December 31, 2000 and 2001. 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 in a separate letter dated June 26, 2002.

Internal Controls 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.

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

Charles E. Harris & Associates, Inc.
June 26, 2002

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 1999 and 2000 contained no material citations or recommendations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
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WARWICK 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
JULY 30, 2002**