

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2004



Mary Taylor, CPA
Auditor of State

Board of Trustees
Tuscarawas Township
13520 Barrs Street SW
Massillon, Ohio 44647

We have reviewed the *Independent Accountants' Report* of Tuscarawas Township, Stark County, prepared by Knox & Knox, for the audit period January 1, 2004 through December 31, 2005. 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. Tuscarawas Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 23, 2007

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STARK COUNTY**

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STARK COUNTY**

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KNOX & KNOX

Accountants and Consultants

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 the governmental activities, each major fund and the aggregate remaining fund information of Tuscarawas Township, Stark County, Ohio (the Township, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2C, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tuscarawas Township, Stark County, Ohio, as of December 31, 2005 and 2004, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, Fire District, and Cemetery funds thereof for the years then ended in conformity with the basis of accounting Note 2C describes.

For the years ended December 31, 2005 and 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2006, 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 an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

KNOX & KNOX

Orrville, Ohio
June 27, 2006

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED**

This discussion and analysis of Tuscarawas Township's financial performance provides an overall review of the Township's financial activities for the fiscal years ended December 31, 2005 and 2004, within the limitations of the cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

HIGHLIGHTS

Key highlights for 2005 and 2004 are as follows:

- Net assets of governmental activities decreased significantly from the prior year.
- The Township's general receipts are primarily property taxes.

USING THE BASIC FINANCIAL STATEMENTS

The annual report is presented in a format consistent with the presentation requirements of Government Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the Township-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED (Continued)**

REPORTING THE GOVERNMENT AS A WHOLE

Tuscarawas Township has three elected trustees and one fiscal officer. The trustees maintain the roads in the Township and the fiscal officer maintains all financial records and minutes for the Township.

The statement of net assets and the statement of activities reflect how the Township did financially during 2005 and 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the township reports its governmental activities . Most of the Township's basic services are reported here. Grants and entitlements and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

REPORTING THE GOVERNMENT'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the Township's major funds—not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are reported as governmental funds.

The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Fund, Road and Bridge Fund, Fire District, and Cemetery Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED (Continued)**

THE TOWNSHIP AS A WHOLE

Table 1 provides a summary of the Township's net assets for 2005 and 2004 on a cash basis.

(TABLE 1)
NET ASSETS

	Governmental Activities	
	2005	2004
ASSETS		
Cash and Cash Equivalents	\$616,611	\$803,888
TOTAL ASSETS	\$616,611	\$803,888
NET ASSETS		
Restricted for:		
Other Purposes	\$434,612	\$540,080
Unrestricted	181,999	268,808
TOTAL NET ASSETS	\$616,611	\$803,888

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED (Continued)**

Table 2 reflects the changes in net assets in 2005 and 2004.

(TABLE 2)
CHANGES IN NET ASSETS

	Governmental Activities	
	2005	2004
RECEIPTS:		
Program Receipts:		
Charges for Services and Sales	\$74,577	\$83,656
Operating Grants and Contributions	108,221	96,337
TOTAL PROGRAM RECEIPTS	182,798	179,993
GENERAL RECEIPTS:		
Property and Other Taxes	\$505,691	\$505,243
Other		3,994
Grants and Entitlements Not Restricted to Specific Programs	85,632	217,831
Interest	4,624	5,095
Miscellaneous	50,701	25,464
TOTAL GENERAL RECEIPTS	646,648	757,627
TOTAL RECEIPTS	829,446	937,620
DISBURSEMENTS:		
General Government	161,584	137,764
Public Safety	164,769	128,201
Public Works	523,861	273,878
Health	90,794	76,823
Capital Outlay	75,715	10,748
TOTAL DISBURSEMENTS	1,016,723	627,414
INCREASE (DECREASE) IN NET ASSETS	(187,277)	310,206
NET ASSETS, JANUARY 1	803,888	493,682
NET ASSETS, DECEMBER 31	\$616,611	\$803,888

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED (Continued)**

Program receipts represent only 25 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and permits.

State monies are the other major source of general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board of Trustees, the Fiscal Officer, as well as services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to the General Fund unrestricted receipts.

Public Safety are the costs of fire protection; Health Services is the maintenance of the cemeteries; Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works. General government also represents a significant cost. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(TABLE 3)
GOVERNMENTAL ACTIVITIES

	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
General Government	\$161,584	\$159,530	\$137,764	\$123,663
Public Safety	164,769	164,769	128,201	128,031
Public Works	523,861	415,640	273,878	176,217
Health	90,794	18,271	76,823	8,762
Capital Outlay	75,715	75,715	10,748	10,748
TOTAL EXPENSES	\$1,016,723	\$833,925	\$627,414	\$447,421

The dependence upon property tax receipts is apparent as over 29 percent of governmental activities are supported through these general receipts.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED (Continued)**

The Township's Funds

In 2005, governmental funds had receipts of \$827,945 and disbursements of \$1,016,722. The greatest change within governmental funds occurred within the Gasoline Tax Fund.

In 2005, General Fund receipts were less than disbursements by \$81,909 indicating that the General Fund has a negative cash flow. These changes indicate the need for additional funds (or additional cuts) in the future if the growth in property taxes remains stagnant.

GENERAL FUND BUDGETING HIGHLIGHTS

The Township's budget is prepared according to Ohio law and based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The Township kept spending close to budgeted amounts as demonstrated by the reported variances.

CAPITAL ASSETS

The Township does not currently keep track of its capital assets and infrastructure.

DEBT

At December 31, 2005, the Township had no outstanding debt.

CURRENT ISSUES

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funds. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. All officials have been asked to hold their spending levels to the 2005 levels.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Debra Maier, Fiscal Officer, Tuscarawas Township, 956 Manchester Road SW, North Lawrence, Ohio 44666.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$616,611
	<hr/>
TOTAL ASSETS	\$616,611
	<hr/>
NET ASSETS	
Restricted for:	
Other Purposes	\$434,612
Unrestricted	181,999
	<hr/>
TOTAL NET ASSETS	<u>\$616,611</u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR YEAR ENDED DECEMBER 31, 2005**

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u> <u>Charges</u> <u>for Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net</u> <u>(Disbursements)</u> <u>Receipts</u> <u>Changes in</u> <u>Net Assets</u>
				<u>Governmental</u> <u>Activities</u>
GOVERNMENT ACTIVITIES				
General Government	\$161,584	\$2,054		(\$159,530)
Public Safety	164,769			(164,769)
Public Works	523,861		108,221	(415,640)
Health	90,794	72,331		(18,463)
Other		192		192
Capital Outlay	<u>75,715</u>			<u>(75,715)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u><u>\$1,016,723</u></u>	<u><u>\$74,577</u></u>	<u><u>\$108,221</u></u>	<u><u>(833,925)</u></u>
GENERAL RECEIPTS				
Property Taxes				505,691
Grants and Entitlements not Restricted to Specific Programs				85,632
Earnings on Investments				4,624
Miscellaneous				49,201
Sale of Fixed Assets				<u>1,500</u>
TOTAL GENERAL RECEIPTS				<u><u>646,648</u></u>
CHANGE IN NET ASSETS				(187,277)
NET ASSETS BEGINNING OF YEAR				<u>803,888</u>
NET ASSETS END OF YEAR				<u><u>\$616,611</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	General	Fire District Fund	Gasoline Tax Fund	Road and Bridge Fund	Cemetery Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Equity in Pooled Cash and Cash Equivalents	\$181,999	\$77,101	\$44,666	\$65,065	\$177,274	\$70,506	\$616,611
TOTAL ASSETS	\$181,999	\$77,101	\$44,666	\$65,065	\$177,274	\$70,506	\$616,611
FUND BALANCES							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$181,999						\$181,999
Special Revenue Funds		\$77,101	\$44,666	\$65,065	\$177,274	\$70,506	434,612
TOTAL FUND BALANCES	\$181,999	\$77,101	\$44,666	\$65,065	\$177,274	\$70,506	\$616,611

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Fire District Fund	Gasoline Tax Fund	Road and Bridge Fund	Cemetery Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property and Other Taxes	\$30,319	\$151,447		\$190,053		\$75,892	\$447,711
Licenses, Fees and Permits	579				\$41,331		41,910
Intergovernmental	89,615	19,576	\$88,061	26,113		29,363	252,728
Earnings on Investments	3,201		745		37	641	4,624
Miscellaneous	47,346		2,457		31,000	169	80,972
TOTAL RECEIPTS	<u>171,060</u>	<u>171,023</u>	<u>91,263</u>	<u>216,166</u>	<u>72,368</u>	<u>106,065</u>	<u>827,945</u>
DISBURSEMENTS							
Current:							
General Government	161,584						161,584
Public Safety		164,768					164,768
Public Works	65,913		110,287	240,619		107,041	523,860
Health	25,372				65,423		90,795
Capital Outlay			20825			54,890	75,715
TOTAL DISBURSEMENTS	<u>252,869</u>	<u>164,768</u>	<u>131,112</u>	<u>240,619</u>	<u>65,423</u>	<u>161,931</u>	<u>1,016,722</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(81,809)</u>	<u>6,255</u>	<u>(39,849)</u>	<u>(24,453)</u>	<u>6,945</u>	<u>(55,866)</u>	<u>(188,777)</u>
OTHER FINANCING SOURCES							
Other Financing Sources				1,500			1,500
TOTAL OTHER FINANCING SOURCES (USES)				<u>1,500</u>			<u>1,500</u>
NET CHANGES IN FUND BALANCES	(81,809)	6,255	(39,849)	(22,953)	6,945	(55,866)	(187,277)
FUND BALANCES BEGINNING OF YEAR	<u>263,808</u>	<u>70,846</u>	<u>84,515</u>	<u>88,018</u>	<u>170,328</u>	<u>126,373</u>	<u>803,888</u>
FUND BALANCES END OF YEAR	<u>\$181,999</u>	<u>\$77,101</u>	<u>\$44,666</u>	<u>\$65,065</u>	<u>\$177,273</u>	<u>\$70,507</u>	<u>\$616,611</u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
RECEIPTS				
Property and Other Local Taxes	\$31,605	\$31,605	\$30,319	(\$1,286)
Fines, Licenses, and Permits	10,000	10,000	579	(9,421)
Intergovernmental	81,801	81,801	89,615	7,814
Earnings on Investments	1,500	1,500	3,201	1,701
Miscellaneous	4,385	4,385	47,346	42,961
	129,291	129,291	171,060	41,769
DISBURSEMENTS				
Current:				
General Government	212,120	212,130	161,584	50,546
Public Works	127,968	127,968	65,913	62,055
Public Health	30,000	30,000	25,372	4,628
Capital Outlay	22,001	22,001		22,001
	392,089	392,099	252,869	139,230
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(262,798)	(262,808)	(81,809)	180,999
OTHER FINANCING SOURCES (USES)				
Other Financing Uses	(1,000)	(1,000)		1,000
TOTAL OTHER FINANCING SOURCES (USES)	(1,000)	(1,000)		1,000
NET CHANGE IN FUND BALANCES	(263,798)	(263,808)	(81,809)	181,999
FUND BALANCES BEGINNING OF YEAR	263,808	263,808	263,808	
FUND BALANCES END OF YEAR	\$10		\$181,999	\$181,999

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
RECEIPTS				
Property and Other Local Taxes	\$173,503	\$173,503	\$151,447	(\$22,056)
Intergovernmental			19,576	19,576
TOTAL RECEIPTS	173,503	173,503	171,023	(2,480)
DISBURSEMENTS				
Current:				
Public Safety	175,770	175,770	164,768	11,002
TOTAL DISBURSEMENTS	175,770	175,770	164,768	11,002
EXCESS RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,267)	(2,267)	6,255	8,522
OTHER FINANCING SOURCES (USES)				
Other Financing Sources (Uses)	(68,579)	(68,579)		68,579
TOTAL OTHER FINANCING (USES)	(68,579)	(68,579)		68,579
NET CHANGE IN FUND BALANCES	(70,846)	(70,846)	6,255	77,101
FUND BALANCES BEGINNING OF YEAR	70,846	70,846	70,846	
FUND BALANCES END OF YEAR			\$77,101	\$77,101

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	\$60,220	\$60,220	\$88,061	\$27,841
Earnings on Investments	200	200	745	545
Miscellaneous			2,457	2,457
TOTAL RECEIPTS	<u>60,420</u>	<u>60,420</u>	<u>91,263</u>	<u>30,843</u>
DISBURSEMENTS				
Current:				
Public Works	122,935	122,935	110,287	12,648
Capital Outlay	<u>22,000</u>	<u>22,000</u>	<u>20,825</u>	<u>1,175</u>
TOTAL DISBURSEMENTS	<u>144,935</u>	<u>144,935</u>	<u>131,112</u>	<u>13,823</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(84,515)	(84,515)	(39,849)	44,666
FUND BALANCES BEGINNING OF YEAR	<u>84,515</u>	<u>84,515</u>	<u>84,515</u>	
FUND BALANCES END OF YEAR	<u><u> </u></u>	<u><u> </u></u>	<u><u>\$44,666</u></u>	<u><u>\$44,666</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
RECEIPTS				
Property and Other Local Taxes	\$217,161	\$217,161	\$190,053	(\$27,108)
Intergovernmental			26,113	26,113
TOTAL RECEIPTS	217,161	217,161	216,166	(995)
DISBURSEMENTS				
Current:				
Public Works	272,881	272,881	240,619	32,262
Capital Outlay	25,323	25,323		25,323
TOTAL DISBURSEMENTS	298,204	298,204	240,619	57,585
EXCESS RECEIPTS OVER (UNDER) DISBURSEMENTS	(81,043)	(81,043)	(24,453)	56,590
OTHER FINANCING SOURCES (USES)				
Other Sources (Uses)	(6,975)	(6,975)	1,500	8,475
TOTAL OTHER FINANCING (USES)	(6,975)	(6,975)	1,500	8,475
NET CHANGE IN FUND BALANCES	(88,018)	(88,018)	(22,953)	65,065
FUND BALANCES BEGINNING OF YEAR	88,018	88,018	88,018	
FUND BALANCES END OF YEAR	88,018	88,018	\$65,065	\$65,065

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
RECEIPTS				
Licenses, Fees and Permits	\$37,238	\$37,238	\$41,331	\$4,093
Earnings on Investments			37	37
Miscellaneous			31,000	31,000
TOTAL RECEIPTS	37,238	37,238	72,368	35,130
DISBURSEMENTS				
Current:				
Health	97,634	97,634	65,423	32,211
Capital Outlay	109,932	109,932		109,932
TOTAL DISBURSEMENTS	207,566	207,566	65,423	142,143
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(170,328)	(170,328)	6,945	177,273
FUND BALANCES BEGINNING OF YEAR	170,328	170,328	170,328	
FUND BALANCES END OF YEAR			\$177,273	\$177,273

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2004**

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>\$803,888</u>
TOTAL ASSETS	<u><u>\$803,888</u></u>
NET ASSETS	
Restricted for:	
Other Purposes	\$540,080
Unrestricted	<u>263,808</u>
TOTAL NET ASSETS	<u><u>\$803,888</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT ACTIVITIES - CASH BASIS
FOR THE ENDED DECEMBER 31, 2004**

		<u>Program Cash Receipts</u>		Net (Disbursements) Receipts Changes in Net Assets
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES				
General Government	\$137,764	\$14,101		(\$123,663)
Public Safety	128,201		170	(128,031)
Public works	273,878	1,494	96,167	(176,217)
Health	76,823	68,061		(8,762)
Other	3,621			(3,621)
Capital Outlay	<u>7,127</u>			<u>(7,127)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u><u>\$627,414</u></u>	<u><u>\$83,656</u></u>	<u><u>\$96,337</u></u>	<u><u>(447,421)</u></u>
GENERAL RECEIPTS				
Property Taxes				505,243
Other Taxes				3,994
Grants and Entitlements not Restricted to Specific Programs				217,831
Earnings on Investments				5,095
Miscellaneous				<u>25,464</u>
TOTAL GENERAL RECEIPTS				<u><u>757,627</u></u>
CHANGE IN NET ASSETS				310,206
NET ASSETS BEGINNING OF YEAR				<u>493,682</u>
NET ASSETS END OF YEAR				<u><u>\$803,888</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	General	Fire District Fund	Gasoline Tax Fund	Road and Bridge Funds	Cemetery Funds	Other Governmental Funds	Total Governmental Funds
ASSETS							
Equity in Pooled Cash and Cash Equivalents	\$263,808	\$70,846	\$84,515	\$88,018	\$170,328	\$126,373	\$803,888
TOTAL ASSETS	\$263,808	\$70,846	\$84,515	\$88,018	\$170,328	\$126,373	\$803,888
FUND BALANCES							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$263,808						\$263,808
Special Revenue Funds		\$70,846	\$84,515	\$88,018	\$170,328	\$126,373	540,080
TOTAL FUND BALANCES	\$263,808	\$70,846	\$84,515	\$88,018	\$170,328	\$126,373	\$803,888

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE ENDED DECEMBER 31, 2004**

	General	Fire District Fund	Gasoline Tax Fund	Road and Bridge Fund	Cemetery Fund	Other Governmental Funds	Total
RECEIPTS							
Property and Other Local Taxes	\$30,454	\$153,069		\$190,729		\$77,904	\$452,156
Fines, Licenses, Permits	14,101				\$37,361		51,462
Intergovernmental	221,791	19,307	\$74,650	24,723		30,577	371,048
Earnings on Investments	4,256		590		58	191	5,095
Miscellaneous	6,951			9,019	30,725	170	46,865
TOTAL RECEIPTS	<u>277,553</u>	<u>172,376</u>	<u>75,240</u>	<u>224,471</u>	<u>68,144</u>	<u>108,842</u>	<u>926,626</u>
DISBURSEMENTS							
Current:							
General Government	137,764						137,764
Public Works	448		40,044	188,607		33,785	262,884
Public Health	24,449				52,374		76,823
Capital Outlay	444		983		5,700		7,127
Public Safety		128,201					128,201
TOTAL DISBURSEMENTS	<u>163,105</u>	<u>128,201</u>	<u>41,027</u>	<u>188,607</u>	<u>58,074</u>	<u>33,785</u>	<u>612,799</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	114,448	44,175	34,213	35,864	10,070	75,057	313,827
OTHER FINANCING SOURCES (USES)		(3,621)					(3,621)
TOTAL OTHER FINANCING (USES)		(3,621)					(3,621)
NET CHANGES IN FUND BALANCE	114,448	40,554	34,213	35,864	10,070	75,057	310,206
FUND BALANCE BEGINNING OF YEAR	149,360	30,292	50,302	52,154	160,258	51,316	493,682
FUND BALANCE END OF YEAR	<u>\$263,808</u>	<u>\$70,846</u>	<u>\$84,515</u>	<u>\$88,018</u>	<u>\$170,328</u>	<u>\$126,373</u>	<u>\$803,888</u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	(Negative)
RECEIPTS				
Property and Other Local Taxes	\$29,606	\$29,606	\$30,484	\$878
Fines, Licenses, Permits	8937	8937	14,101	5,164
Intergovernmental	74,350	74,350	221,791	147,441
Earnings on Investments	2,484	2,484	4,256	1,772
Miscellaneous	10,020	10,020	6921	(3,099)
TOTAL RECEIPTS	125,397	125,397	277,553	152,156
DISBURSEMENTS				
Current:				
General Government	187,080	187,080	137,764	49,316
Public Works	29,500	29,500	448	29,052
Health	30,000	30,000	24,449	5,551
Capital Outlay	27,176	27,176	444	26,732
TOTAL DISBURSEMENTS	273,756	273,756	163,105	110,651
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(148,359)	(148,359)	114,448	262,807
OTHER FINANCING SOURCES (USES)				
Other Financing Uses	(1,001)	(1,001)		1,001
TOTAL OTHER FINANCING (USES)	(1,001)	(1,001)		1,001
NET CHANGES IN FUND BALANCE	(149,360)	(149,360)	114,448	263,808
FUND BALANCE BEGINNING OF YEAR	149,360	149,360	149,360	
FUND BALANCE END OF YEAR			\$263,808	\$263,808

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Property and Other Local Taxes	\$169,058	\$169,058	\$153,069	(\$15,989)
Intergovernmental			19,307	19,307
TOTAL RECEIPTS	<u>169,058</u>	<u>169,058</u>	<u>172,376</u>	<u>3,318</u>
DISBURSEMENTS				
Current:				
Public Safety	<u>131,678</u>	<u>131,678</u>	<u>128,201</u>	<u>3,477</u>
TOTAL DISBURSEMENTS	<u>131,678</u>	<u>131,678</u>	<u>128,201</u>	<u>3,477</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	37,380	37,380	44,175	6,795
OTHER FINANCING SOURCES (USES)				
Other Financing Uses	<u>(67,672)</u>	<u>(67,672)</u>	<u>(3,621)</u>	<u>64,051</u>
TOTAL OTHER FINANCING (USES)	<u>(67,672)</u>	<u>(67,672)</u>	<u>(3,621)</u>	<u>64,051</u>
NET CHANGES IN FUND BALANCE	(30,292)	(30,292)	40,554	70,846
FUND BALANCE BEGINNING OF YEAR	<u>30,292</u>	<u>30,292</u>	<u>30,292</u>	
FUND BALANCE END OF YEAR	<u><u> </u></u>	<u><u> </u></u>	<u><u>\$70,846</u></u>	<u><u>\$70,846</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	(Negative)
RECEIPTS				
Intergovernmental	\$53,853	\$53,853	\$74,650	\$20,797
Earnings on Investments	408	408	590	182
TOTAL RECEIPTS	54,261	54,261	75,240	20,979
DISBURSEMENTS				
Current:				
Public Works	79,677	79,677	40,044	39,633
Capital Outlay	14,000	14,000	983	13,017
TOTAL DISBURSEMENTS	93,677	93,677	41,027	52,650
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,416)	(39,416)	34,213	73,629
FUND BALANCE BEGINNING OF YEAR	50,302	50,302	50,302	
FUND BALANCE END OF YEAR	\$10,886	\$10,886	\$84,515	\$73,629

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Property and Other Local Taxes	\$187,502	\$187,502	\$190,729	\$3,227
Intergovernmental			24,723	24,723
Miscellaneous			9,019	9,019
TOTAL RECEIPTS	<u>187,502</u>	<u>187,502</u>	<u>224,471</u>	<u>36,969</u>
DISBURSEMENTS				
Current:				
Public Works	232,062	232,062	188,607	43,455
Capital Outlay	<u>7,500</u>	<u>7,500</u>		<u>7,500</u>
TOTAL DISBURSEMENTS	<u>239,562</u>	<u>239,562</u>	<u>188,607</u>	<u>50,955</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(52,060)	(52,060)	35,864	87,924
FUND BALANCE BEGINNING OF YEAR	<u>52,154</u>	<u>52,154</u>	<u>52,154</u>	
FUND BALANCE END OF YEAR	<u><u>\$94</u></u>	<u><u>\$94</u></u>	<u><u>\$88,018</u></u>	<u><u>\$87,924</u></u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts			Variance
	Original	Final	Actual	Final Budget Positive (Negative)
RECEIPTS				
Property and Other Local Taxes	\$36,153	\$36,153	\$37,361	\$1,208
Earnings on Investments			58	58
Miscellaneous			30,725	30,725
TOTAL RECEIPTS	36,153	36,153	68,144	31,991
DISBURSEMENTS				
Current:				
Health	174,396	174,396	52,374	122,022
Capital Outlay	22,000	22,000	5,700	16,300
TOTAL DISBURSEMENTS	196,396	196,396	58,074	138,322
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(160,243)	(160,243)	10,070	170,313
FUND BALANCE BEGINNING OF YEAR	160,258	160,258	160,258	
FUND BALANCE END OF YEAR	\$15	\$15	\$170,328	\$170,313

See accompanying notes to the basic financial statements.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

1. REPORTING ENTITY

Tuscarawas Township, Stark 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 reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance.

B. Component Units

The Township does not have any Component Units

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statement, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncement, in which case GASB prevails.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Government-Wide Financial Statements (Continued)

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

2. Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are in one category, governmental.

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Levy Fund and Cemetery Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Township account for grants, taxes, and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Investment in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2005 and 2004, the Township had all funds in a regular checking account with J. P. Morgan Chase Bank.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Employer Contributions to Cost-Sharing Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

G. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis presented for the General Fund, Road and Bridge Fund, Gasoline Tax Fund, Fire District Fund and Cemetery Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

4. DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by the State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active 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 has identified as not required for use within the current five-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.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation,

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

2. 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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 must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township may not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Township was exposed to custodial credit risk because deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Ohio law requires that deposits be either insured or protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

5. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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. Under certain circumstances, State statute permits alternate payment dates to be established.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

5. PROPERTY TAXES (Continued)

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003 were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

6. RISK MANAGEMENT

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can electing additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides, *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004.

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	(15,994,168)	(13,880,038)
Retained Earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	(1,068,245)	(540,073)
Retained Earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million on unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment.

The Township also provides health and vision insurance coverage to full-time employees.

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

(Continued)

7. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five year at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pensions benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions. The Township made all required contributions for 2005 and 2004.

8. POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement healthcare coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement healthcare coverage. The healthcare coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for funding of postretirement healthcare based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund healthcare.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of

**TUSCARAWAS TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

A. Ohio Public Employees Retirement System (continued)

4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Healthcare premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with the effective date of January 1, 2008. The HCPP restructures OPERS' healthcare coverage to improve the financial solvency of the fund in response to increasing healthcare costs.

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KNOX & KNOX

Accountants and Consultants

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the governmental activities, each major fund, and the remaining fund information of Tuscarawas Township, Stark County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 27, 2006 wherein we noted the Township revised its financial presentation comparable to the requirements of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments*. 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 in order to express our opinions on the basic 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. In a separate letter to the Township's management dated June 27, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Township's basic 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 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 we must report under *Government Auditing Standards*.

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

KNOX & KNOX

Orrville, Ohio
June 27, 2006



Mary Taylor, CPA
Auditor of State

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
MARCH 8, 2007**