



Dave Yost • Auditor of State



VILLAGE OF TUSCARAWAS  
TUSCARAWAS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2011 .....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Enterprise Funds - For the Year Ended December 31, 2012 and 2011 .....	5
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Prior Audit Findings.....	17

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Tuscarawas  
Tuscarawas County  
522 E. Cherry Street  
P.O. Box 388  
Tuscarawas, Ohio 44682

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Tuscarawas, Tuscarawas County, (the Village) as of and for the years ended December 31, 2012 and 2011.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Government's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Government's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or changes in financial position or cash flows thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Tuscarawas, Tuscarawas County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2013, on our consideration of the Village'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 24, 2013

**VILLAGE OF TUSCARAWAS  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$50,681	\$45,477	\$96,158
Municipal Income Tax	71,275	0	71,275
Intergovernmental	32,578	50,685	83,263
Special Assessments	847	62	909
Charges for Services	53,878	1,500	55,378
Fines, Licenses and Permits	1,610	0	1,610
Earnings on Investments	1,380	134	1,514
Miscellaneous	6,698	0	6,698
<i>Total Cash Receipts</i>	<u>218,947</u>	<u>97,858</u>	<u>316,805</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	57,936	0	57,936
Public Health Services	247	0	247
Leisure Time Activities	0	26,027	26,027
Community Environment	8,345	0	8,345
Basic Utility Services	36,931	0	36,931
Transportation	0	66,627	66,627
General Government	93,682	0	93,682
Capital Outlay	2,102	0	2,102
<i>Total Cash Disbursements</i>	<u>199,243</u>	<u>92,654</u>	<u>291,897</u>
<i>Net Change in Fund Cash Balances</i>	19,704	5,204	24,908
<i>Fund Cash Balances, January 1</i>	<u>192,763</u>	<u>130,147</u>	<u>322,910</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	135,351	135,351
Unassigned	212,467	0	212,467
<i>Fund Cash Balances, December 31</i>	<u><u>\$212,467</u></u>	<u><u>\$135,351</u></u>	<u><u>\$347,818</u></u>

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

**VILLAGE OF TUSCARAWAS  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$52,563	\$44,108	\$96,671
Municipal Income Tax	65,153	0	65,153
Intergovernmental	38,120	55,103	93,223
Special Assessments	0	993	993
Charges for Services	54,510	3,000	57,510
Fines, Licenses and Permits	1,263	0	1,263
Earnings on Investments	2,741	234	2,975
Miscellaneous	13,849	0	13,849
<i>Total Cash Receipts</i>	<u>228,199</u>	<u>103,438</u>	<u>331,637</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	48,960	0	48,960
Public Health Services	245	0	245
Leisure Time Activities	0	32,173	32,173
Community Environment	6,673	0	6,673
Basic Utility Services	35,505	0	35,505
Transportation	0	149,301	149,301
General Government	98,464	0	98,464
Capital Outlay	72,065	0	72,065
<i>Total Cash Disbursements</i>	<u>261,912</u>	<u>181,474</u>	<u>443,386</u>
Total Receipts Over/(Under) Disbursements	<u>(33,713)</u>	<u>(78,036)</u>	<u>(111,749)</u>
Other Financing Receipts/(Disbursements):			
Other Financing Sources	26	0	26
Total Other Financing Receipts/(Disbursements)	<u>26</u>	<u>0</u>	<u>26</u>
<i>Net Change in Fund Cash Balances</i>	<u>(33,687)</u>	<u>(78,036)</u>	<u>(111,723)</u>
<i>Fund Cash Balances, January 1</i>	<u>226,450</u>	<u>208,183</u>	<u>434,633</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	130,147	130,147
Unassigned	192,763	0	192,763
<i>Fund Cash Balances, December 31</i>	<u><u>\$192,763</u></u>	<u><u>\$130,147</u></u>	<u><u>\$322,910</u></u>

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

**VILLAGE OF TUSCARAWAS  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS) - ENTERPRISE FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
<b>Operating Cash Receipts</b>		
Charges for Services	\$264,978	\$252,868
Miscellaneous	2,883	0
	267,861	252,868
<i>Total Operating Cash Receipts</i>		
<b>Operating Cash Disbursements</b>		
Personal Services	97,794	89,853
Employee Fringe Benefits	28,978	26,801
Contractual Services	35,887	46,908
Supplies and Materials	43,227	37,073
	205,886	200,635
<i>Total Operating Cash Disbursements</i>		
<i>Operating Income (Loss)</i>	61,975	52,233
<b>Non-Operating Receipts (Disbursements)</b>		
Intergovernmental	3,559	0
Special Assessments	800	2,917
Capital Outlay	(19,957)	(43,413)
Principal Retirement	(1,664)	(1,110)
	(17,262)	(41,606)
<i>Total Non-Operating Receipts (Disbursements)</i>		
<i>Net Change in Fund Cash Balances</i>	44,713	10,627
<i>Fund Cash Balances, January 1</i>	297,435	286,808
<i>Fund Cash Balances, December 31</i>	\$342,148	\$297,435

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

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**VILLAGE OF TUSCARAWAS  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Tuscarawas, Tuscarawas County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, maintenance of roads and bridges, park operations, and police services. The Village contracts with Warwick Township to receive fire protection services.

The Village participates in two jointly governed organizations. Note 10 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

- *Tuscarawas County Regional Planning Commission*
- *Tuscarawas County Tax Incentive Review Council*

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF TUSCARAWAS  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Street Levy – This fund receives real estate money for constructing, maintaining and repairing Village streets.

Park Levy – This fund receives real estate money for maintaining Village parks.

**3. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents and commercial users to cover water service costs.

Sewer Fund - This fund receives charges for services from residents and commercial users to cover sewer service costs.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF TUSCARAWAS  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF TUSCARAWAS  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Equity in Pooled Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2012	2011
Demand deposits	\$9,848	\$30,200
Repurchase agreement	680,118	590,145
Total deposits and investments	\$689,966	\$620,345

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$201,503	\$218,947	\$17,444
Special Revenue	91,100	97,858	6,758
Enterprise	240,000	272,220	32,220
Total	\$532,603	\$589,025	\$56,422

**VILLAGE OF TUSCARAWAS  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. Budgetary Activity – (Continued)**

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$394,150	\$199,243	\$194,907
Special Revenue	221,237	92,654	128,583
Enterprise	533,525	227,507	306,018
Total	\$1,148,912	\$519,404	\$629,508

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$232,056	\$228,225	(\$3,831)
Special Revenue	104,810	103,438	(1,372)
Enterprise	255,800	255,785	(15)
Total	\$592,666	\$587,448	(\$5,218)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$440,575	\$261,912	\$178,663
Special Revenue	293,508	181,474	112,034
Enterprise	516,795	245,158	271,637
Total	\$1,250,878	\$688,544	\$562,334

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF TUSCARAWAS  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**5. Local Income Tax**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. Debt**

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission	\$19,418	0%
Total	\$19,418	

The Ohio Public Works Commission (OPWC) loan relates to a water and sewer lift station on Park Drive in the Village. The Village will repay the loan in semiannual installments of \$554.80, interest free, over 20 years.

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

Year ending December 31:	OPWC Loan
2013	\$555
2014	1,110
2015	1,110
2016	1,110
2017	1,110
2018 - 2022	5,548
2023 - 2027	5,548
2028 - 2030	3,327
Total	\$19,418

**7. Retirement Systems**

The Village's employees and part-time Police Officers belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

**VILLAGE OF TUSCARAWAS  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**8. Risk Management**

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

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

The Village 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. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

**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, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	<u>(14,208,353)</u>	<u>(14,187,273)</u>
Net Position	<u>\$20,181,216</u>	<u>\$19,175,131</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Village's share of these unpaid claims collectible in future years is approximately \$16,835.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**VILLAGE OF TUSCARAWAS  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**8. Risk Management – (Continued)**

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2011</u>
\$19,575	\$15,625

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**9. Related Party Transactions**

The Village purchased items/services during 2012 and 2011 totaling \$180 and \$225, respectively, from Lock 15 Water Supply, a local business owned by a Village Council Member, which would be considered a related party transaction.

**10. Jointly Governed Organizations**

The Village participates in the Tuscarawas County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed by Tuscarawas County and other cities, villages and Villages within the County. The principle aim of the Commission is to provide comprehensive planning, both long and short-term, dealing with the economic and physical environment of Tuscarawas County. The board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting and designating management. The Village has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Tuscarawas County Regional Planning Commission, Tuscarawas County, Ohio.

The Village also participates in the Tuscarawas County Tax Incentive Review Council (Council), which is a jointly governed organization, created as a regional council of governments pursuant to State statutes. The Council has 22 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, six members appointed by Village trustees, one member from the County Auditor's Office and eight members appointed by boards of education located within the County. The Council review and evaluates the performance of each enterprise zone agreement. This body is advisory in nature and cannot directly impact an existing enterprise zone agreement; however, the Council can make written recommendations to the legislative authority.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Tuscarawas  
Tuscarawas County  
522 E. Cherry Street  
P.O. Box 388  
Tuscarawas, Ohio 44682

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Tuscarawas, Tuscarawas County, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated July 24, 2013.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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 we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Government's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 24, 2013

**VILLAGE OF TUSCARAWAS  
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-001	Ohio Rev. Code Section 5705.41(D) – Expenditures not certified prior to incurring the obligation.	No	Partially corrected. The issue will be reported in the management letter.
2010-002	Ohio Rev. Code Section 135.14 – The market value of securities invested in an overnight repurchase agreement did not exceed the principal value of the overnight repurchase agreement by at least two percent.	Yes	
2010-003	Financial Reporting – There were numerous errors that required audit adjustments and reclassifications.	No	Partially corrected. The issue will be reported in the management letter.

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# Dave Yost • Auditor of State

**VILLAGE OF TUSCARAWAS**

**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  
OCTOBER 1, 2013**