



**Auditor of State
Betty Montgomery**

VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY

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**Auditor of State
Betty Montgomery**

Village of Tuscarawas
Tuscarawas County
522 East Cherry Street
PO Box 388
Tuscarawas, Ohio 44682

To the Village Council:

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

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 19, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Tuscarawas
Tuscarawas County
522 East Cherry Street
PO Box 388
Tuscarawas, Ohio 44682

To the Village Council:

We have audited the accompanying financial statements of the Village of Tuscarawas, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Tuscarawas, Tuscarawas County, Ohio, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2005, 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. 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.



Betty Montgomery
Auditor of State

August 19, 2005

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$94,244	\$21,144		\$115,388
Intergovernmental Receipts	38,569	65,044	\$8,443	112,056
Charges for Services	49,543			49,543
Fines, Licenses, and Permits	2,719			2,719
Earnings on Investments	4,279	225		4,504
Miscellaneous	6,876			6,876
Total Cash Receipts	196,230	86,413	8,443	291,086
Cash Disbursements:				
Current:				
Security of Persons and Property	41,064			41,064
Public Health Services	440			440
Leisure Time Activities		28,186		28,186
Community Environment	5,928			5,928
Basic Utility Services	30,311			30,311
Transportation		67,579		67,579
General Government	84,575			84,575
Debt Service:				
Principal Payments	11,353			11,353
Interest Payments	750			750
Capital Outlay	46,621		8,443	55,064
Total Cash Disbursements	221,042	95,765	8,443	325,250
Total Cash Receipts (Under) Cash Disbursements	(24,812)	(9,352)	0	(34,164)
Other Financing Receipts and (Disbursements):				
Sale of Fixed Assets	5,500			5,500
Advances-In		20,000		20,000
Advances-Out	(20,000)			(20,000)
Other Financing Uses	(784)			(784)
Total Other Financing Receipts/(Disbursements)	(15,284)	20,000	0	4,716
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(40,096)	10,648		(29,448)
Fund Cash Balances, January 1	67,471	82,270		149,741
Fund Cash Balances, December 31	\$27,375	\$92,918	\$0	\$120,293
Reserves for Encumbrances, December 31	\$939	\$24,761	\$5,237	\$30,937

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

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$90,492	\$18,410	\$108,902
Intergovernmental Receipts	39,639	44,969	84,608
Charges for Services	38,447		38,447
Fines, Licenses, and Permits	3,026		3,026
Earnings on Investments	6,781	357	7,138
Rentals	10,656		10,656
Miscellaneous	2,578		2,578
	<u>191,619</u>	<u>63,736</u>	<u>255,355</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	65,917	421	66,338
Public Health Services	438		438
Leisure Time Activities		2,468	2,468
Basic Utility Services	30,981		30,981
Transportation		23,147	23,147
General Government	96,465		96,465
Other	6,396		6,396
Debt Service:			
Principal Payments	6,052		6,052
Interest Payments			
Capital Outlay	100,748	65,234	165,982
	<u>306,997</u>	<u>91,270</u>	<u>398,267</u>
Total Cash Disbursements			
Total Cash Receipts (Under) Cash Disbursements	<u>(115,378)</u>	<u>(27,534)</u>	<u>(142,912)</u>
Other Financing Receipts:			
Sale of Notes	35,000		35,000
	<u>35,000</u>		<u>35,000</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(80,378)	(27,534)	(107,912)
Fund Cash Balances, January 1	147,849	109,804	257,653
	<u>147,849</u>	<u>109,804</u>	<u>257,653</u>
Fund Cash Balances, December 31	<u>\$67,471</u>	<u>\$82,270</u>	<u>\$149,741</u>
Reserves for Encumbrances, December 31	\$5,736	\$8,987	\$14,723
	<u>\$5,736</u>	<u>\$8,987</u>	<u>\$14,723</u>

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

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	2004	2003
Operating Cash Receipts:		
Charges for Services	\$240,615	\$232,327
Miscellaneous		2,122
	<u>240,615</u>	<u>234,449</u>
Total Operating Cash Receipts		
Operating Cash Disbursements:		
Personal Services	90,464	83,542
Contractual Services	20,727	75,894
Supplies and Materials	25,758	29,116
Capital Outlay	96,958	194,886
	<u>233,907</u>	<u>383,438</u>
Total Operating Cash Disbursements		
Operating Income/(Loss)	<u>6,708</u>	<u>(148,989)</u>
Non-Operating Cash Receipts:		
Earnings on Investments		55
Sale of Notes		200,000
Other Financing Sources		600
	<u>0</u>	<u>200,655</u>
Total Non-Operating Cash Receipts		
Non-Operating Cash Disbursements:		
Debt Service:		
Principal	38,752	19,092
Interest	8,828	
	<u>47,580</u>	<u>19,092</u>
Total Non-Operating Cash Disbursements		
Net Cash Receipts Over/(Under) Cash Disbursements	<u>(40,872)</u>	<u>32,574</u>
Fund Cash Balances, January 1	<u>196,063</u>	<u>163,489</u>
Fund Cash Balances, December 31	<u>\$155,191</u>	<u>\$196,063</u>
Reserve for Encumbrances, December 31	<u>\$1,991</u>	<u>\$28,448</u>

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, 2004 AND 2003**

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, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village provides joint fire protection services with Warwick Township Volunteer Fire Department.

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

The Village is associated with certain organizations which are defined as Jointly Governed Organizations under Governmental Accounting Standards Board (GASB) Statement No. 14, Reporting Entity. These organizations are presented in Notes 10 through 11. These organizations include:

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

B. Basis of Accounting

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. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

The Village maintains all cash in an interest-bearing checking account.

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 reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. 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 Fund - This fund receives levy monies to assist in repairing and maintaining Village Streets.

3. Capital Project Fund

This fund is used to account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

OPWC Storm Sewer Fund - This fund receives Issue II monies for improvements to the Village's storm sewer system.

4. 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 to cover water service costs.

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

E. Budgetary Process

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

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. 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.

G. 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 CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$275,484	\$345,804

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by a letter of credit in the Village's name.

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$188,433	\$201,730	\$13,297
Special Revenue	234,091	106,413	(127,678)
Capital Projects	221,520	8,443	(213,077)
Enterprise	247,182	240,615	(6,567)
Total	<u>\$891,226</u>	<u>\$557,201</u>	<u>(\$334,025)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$258,828	\$242,765	\$16,063
Special Revenue	311,894	120,526	191,368
Capital Projects	221,520	13,680	207,840
Enterprise	441,247	283,478	157,769
Total	<u>\$1,233,489</u>	<u>\$660,449</u>	<u>\$573,040</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$236,968	\$226,619	(\$10,349)
Special Revenue	64,350	63,736	(614)
Enterprise	408,500	435,104	26,604
Total	<u>\$709,818</u>	<u>\$725,459</u>	<u>\$15,641</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$381,568	\$312,733	\$68,835
Special Revenue	166,906	100,257	66,649
Enterprise	575,700	430,978	144,722
Total	<u>\$1,124,174</u>	<u>\$843,968</u>	<u>\$280,206</u>

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

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, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$17,973	variable
Utility Revenue Note	149,889	5.00%
Total	<u>\$167,862</u>	

The General Obligation Note was issued for the purpose of providing funding for the general operation of the Village. The Village will repay the note in monthly installments of \$1,009, including interest, over 3 years.

The Utility Revenue Note was issued for the purpose of providing funding for the general operation of the Village water and sewer department. The Village will repay the note in monthly installments of \$2,121, including interest over 10 years.

Amortization of the above debt, including interest, follows:

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. DEBT (Continued)

<u>Year ending December 31:</u>	<u>General Obligation Note</u>	<u>Utility Revenue Note</u>
2005	\$12,103	\$25,456
2006	6,309	25,456
2007		25,456
2008		25,456
2009		25,456
2010 - 2013		50,631
Total	<u>\$18,412</u>	<u>\$177,911</u>

7. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

8. RISK MANAGEMENT

Risk Pool Membership

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. 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 claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

8. RISK MANAGEMENT (Continued)

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 local 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, 2004 and 2003 (the latest information available):

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	<u>(16,989,918)</u>	<u>(12,872,985)</u>
Retained earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>
<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	<u>(544,771)</u>	<u>(792,061)</u>
Retained earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

9. TUSCARAWAS COUNTY REGIONAL PLANNING COMMISSION

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 townships 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.

10. TUSCARAWAS COUNTY TAX INCENTIVE REVIEW COUNCIL

The Tuscarawas County Incentive Review Council (Council) 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 township 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.

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

11. SUBSEQUENT EVENTS

On April 14, 2005, Village Council authorized a contract in the amount of \$141,568 for the construction of a boat ramp. The Village received a reimbursement grant for the project from the Ohio Department of Natural Resources. In connection with the project, Village Council authorized a revolving loan in the amount of \$75,000 to pay for costs associated with the project. Reimbursements received for the project will be used to repay the loan.



**Auditor of State
Betty Montgomery**

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

Village of Tuscarawas
Tuscarawas County
522 East Cherry Street
PO Box 388
Tuscarawas, Ohio 44682

To the Village Council:

We have audited the financial statements of the Village of Tuscarawas, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 19, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

In a separate letter to the Village's management dated August 19, 2005, we reported a matter involving internal control over financial reporting we did not deem a reportable conditions.

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, 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 we must report under *Government Auditing Standards*.

In a separate letter to the Village's management dated August 19, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 19, 2005

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Ohio Rev. Code Section 5705.41(D) – The Village did not properly certify expenditures.	No	Partially Corrected. Refer to the Management Letter.
2002-002	Material Weakness – Utility Receipts.	Yes	Finding No Longer Valid.
2002-003	Material Weakness – Computer Environment	Yes	Finding No Longer Valid.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
SEPTEMBER 29, 2005**