

**STOKES TOWNSHIP
LOGAN COUNTY, OHIO**

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Stokes Township
Logan County, Ohio
P.O. Box 82
Lakeview, Ohio 43331

We have reviewed the Independent Auditor's Report of the Stokes Township, Logan County, prepared by Van Krevel & Company, for the audit period January 1, 1999 to December 31, 2000. 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. Stokes Township is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 20, 2001

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STOKES TOWNSHIP
LOGAN COUNTY, OHIO
YEARS ENDED DECEMBER 31, 2000 AND 1999

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Van Krevel & Company
Certified Public Accountants
P. O. Box 1432
Dublin, Ohio 43017-6432
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Report of Independent Accountants

Board of Trustees
Stokes Township
Logan County
P. O. Box 82
Lakeview, Ohio 43331

To the Board of Trustees:

We have audited the accompanying financial statements of Stokes Township, Logan County, Ohio, as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 Stokes Township, Logan County, Ohio, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2001, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audits.

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

/s/ VAN KREVEL & COMPANY
May 11, 2001

STOKES TOWNSHIP
 LOGAN COUNTY, OHIO
 COMBINED STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
 IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total (Memo Only)</u>
CASH RECEIPTS			
Taxes	\$ 36,302	\$190,010	\$226,312
Charges for Services	9,982	0	9,982
Licenses, Permits and Fees	16,435	0	16,435
Fines and Forfeitures	1,573	0	1,573
Intergovernmental Receipts	406,893	89,095	495,988
Special Assessments	0	18,751	18,751
Interest	7,192	493	7,685
Other Revenue	<u>304</u>	<u>1,579</u>	<u>1,883</u>
Total Cash Receipts	478,681	299,928	778,609
CASH DISBURSEMENTS			
General Government	138,387	1,611	139,998
Public Safety	33,379	48,900	82,279
Public Works	35,685	175,583	211,268
Capital Outlay	<u>5,671</u>	<u>688</u>	<u>6,359</u>
Total Cash Disbursements	213,122	226,782	439,904
Total Receipts Over (Under) Disbursements	265,559	73,146	338,705
OTHER FINANCING RECEIPTS (DISBURSEMENTS)			
Advances In	1,400	0	1,400
Advances Out	0	(1,400)	(1,400)
Other	0	149	149
Contingencies	(328)	0	(328)
Sale of Assets	<u>315</u>	<u>0</u>	<u>315</u>
Total Other Financing Receipts (Disbursements)	1,387	(1,251)	(136)
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	266,946	71,895	338,841
Fund Cash Balances-January 1, 2000	<u>258,824</u>	<u>183,141</u>	<u>441,965</u>
Fund Cash Balances-December 31, 2000	<u>\$525,770</u>	<u>\$255,036</u>	<u>\$780,806</u>
Reserve for Encumbrances-December 31, 2000	<u>\$ 0</u>	<u>\$ 1,057</u>	<u>\$ 1,057</u>

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

STOKES TOWNSHIP
LOGAN COUNTY, OHIO
COMBINED STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total (Memo Only)</u>
CASH RECEIPTS			
Taxes	\$ 36,041	\$168,956	\$204,997
Charges for Services	9,982	0	9,982
Licenses, Permits and Fees	15,359	0	15,359
Fines and Forfeitures	1,137	0	1,137
Intergovernmental Receipts	141,329	86,794	228,123
Special Assessments	0	23,449	23,449
Interest	6,050	432	6,482
Other Revenue	<u>10</u>	<u>1,878</u>	<u>1,888</u>
Total Cash Receipts	209,908	281,509	491,417
CASH DISBURSEMENTS			
General Government	136,110	733	136,843
Public Safety	29,608	44,115	73,723
Public Works	9,054	165,118	174,172
Capital Outlay	<u>7,738</u>	<u>325</u>	<u>8,063</u>
Total Cash Disbursements	182,510	210,291	392,801
Total Receipts Over (Under) Disbursements	27,398	71,218	98,616
OTHER FINANCING RECEIPTS (DISBURSEMENTS)			
Advances In	1,100	0	1,100
Advances Out	0	(1,100)	(1,100)
Contingencies	(126)	0	(126)
Other Financing Sources	<u>38</u>	<u>0</u>	<u>38</u>
Total Other Financing Receipts (Disbursements)	1,012	(1,100)	(88)
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	28,410	70,118	98,528
Fund Cash Balances-January 1, 1999	<u>230,414</u>	<u>113,023</u>	<u>343,437</u>
Fund Cash Balances-December 31, 1999	<u>\$258,824</u>	<u>\$183,141</u>	<u>\$441,965</u>
Reserve for Encumbrances-December 31, 1999	<u>\$ 86</u>	<u>\$ 340</u>	<u>\$ 426</u>

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

STOKES TOWNSHIP
LOGAN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

1. Summary of Significant Accounting Policies

A. Description of the Entity

Stokes Township, Logan County, Ohio is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, emergency medical services, fire protection and police services.

The Township contracts with the Villages of Lakeview and Jackson Center to provide fire protection. Emergency medical services are contracted with Indian Lake Medical Services, Inc.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash

Cash includes certificates of deposit with a maturity date of less than 2 years which are valued at cost.

D. Fund Accounting

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

STOKES TOWNSHIP
LOGAN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds .

Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining and repairing Township streets.

Road and Bridge Fund - This funds receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Central Fire Fund - This fund receives tax money from a special fire levy to help cover the cost of fire protection.

Southwest Fire Fund - This fund receives tax money from a special fire levy to help cover the cost of fire protection.

E. Budgetary Process

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

Appropriations

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

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.

STOKES TOWNSHIP
 LOGAN COUNTY, OHIO
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2000 AND 1999

Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

2. Equity in Pooled Cash

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$730,806	\$391,965
Certificates of deposit	<u>50,000</u>	<u>50,000</u>
Total deposits and investments	<u>\$780,806</u>	<u>\$441,965</u>

Deposits:

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool. However, at December 31, 2000, the Township had uninsured cash balances of \$103,993 due to a significant increase in estate tax collected in September, 2000. In December, 2000 the Board of Trustees approved an increase in the depository agreement that rectified the uninsured cash balances which became effective January 1, 2001.

STOKES TOWNSHIP
 LOGAN COUNTY, OHIO
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2000 AND 1999

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$154,982	\$480,396	\$325,414
Special Revenue	<u>276,100</u>	<u>299,928</u>	<u>23,828</u>
Total	<u>\$431,082</u>	<u>\$780,324</u>	<u>\$349,242</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$415,120	\$213,450	\$201,670
Special Revenue	<u>457,502</u>	<u>229,239</u>	<u>228,263</u>
Total	<u>\$872,622</u>	<u>\$442,689</u>	<u>\$429,933</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$174,432	\$211,046	\$36,614
Special Revenue	<u>257,650</u>	<u>281,509</u>	<u>23,859</u>
Total	<u>\$432,082</u>	<u>\$492,555</u>	<u>\$60,473</u>

STOKES TOWNSHIP
 LOGAN COUNTY, OHIO
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2000 AND 1999

3. Budgetary Activity (continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$407,346	\$182,722	\$224,624
Special Revenue	<u>368,173</u>	<u>211,731</u>	<u>156,442</u>
Total	<u>\$775,519</u>	<u>\$394,453</u>	<u>\$381,066</u>

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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 Township .

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

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

5. Retirement Systems

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries during the period from January 1, 1999 through June 30, 2000. During the period from July 1, 2000 through December 31, 2000, there was a temporary reduction which lowered the employer rate to 8.13%. The Township has paid all contributions required through December 31, 2000

STOKES TOWNSHIP
LOGAN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

6. Risk Management

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township also provides health insurance and cancer and extended care coverage to full-time employees through a private carrier.

7. Related Party Transactions

A Trustee is the owner of a company from which the Township acquired propane gas during 2000 and 1999. The Township did advertise for contract bids, and the Trustee was the only bidder. The Township made purchases totaling \$42.75 during 2000 and \$94.40 during 1999 for these materials.

In addition, the Township also used a garage owned by a Trustee's brother for repairs to Township vehicles totaling \$1,535.22 in 2000 and \$2,841.21 in 1999. The trustees agreed to use the garage due to favorable terms and the reputation of the company in the community.

Van Krevel & Company
Certified Public Accountants
P. O. Box 1432
Dublin, Ohio 43017-6432
614/761-3743

**Report of Independent Accountants on Compliance and
on Internal Control Required by Government Auditing Standards**

Board of Trustees
Stokes Township
Logan County, Ohio
P. O. Box 82
Lakeview, Ohio 43331

To the Board of Trustees:

We have audited the accompanying financial statements of Stokes Township, Logan County, Ohio, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 11, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to management of the Township in a separate letter dated May 11, 2001.

Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Stokes Township, Logan County, Ohio
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This report is intended for the information of the audit committee, Board of Trustees, and management and is not intended to be and should not be used by anyone other than those specified parties.

/s/ VAN KREVEL & COMPANY

May 11, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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STOKES TOWNSHIP

LOGAN 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
AUGUST 2, 2001**