

YORK TOWNSHIP

MEDINA COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2006 & 2005

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



Mary Taylor, CPA

Auditor of State

Board of Trustees
York Township
7475 Norwalk Road
Medina, Ohio 44256-8972

We have reviewed the *Report of Independent Accountants* of York Township, Medina County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 through December 31, 2006. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 23, 2007

This Page is Intentionally Left Blank.

YORK TOWNSHIP
MEDINA COUNTY, OHIO
Audit Report
For the years ended December 31, 2006 & 2005

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1-2
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Years Ended December 31, 2006 & 2005	3-4
Notes to the Financial Statements	5-10
Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11
Status of Prior Year Citations and Recommendations	13

REPORT OF INDEPENDENT ACCOUNTANTS

York Township
Medina County
7475 Norwalk Road
Medina, OH 44256

To the Board of Trustees:

We have audited the accompanying financial statements of York Township, Medina County, Ohio as and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township 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 Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for both years. While the Township 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 Township has elected not to reformat its statements. Since the Township 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 years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005, or its changes in financial position for the years 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 York Township, as of December 31, 2006 and 2005, 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 Township to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Township 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 June 8, 2007, 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 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.

Charles E. Harris & Associates, Inc.

June 8, 2007

YORK TOWNSHIP
MEDINA COUNTY, OHIO
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES**
For the Year Ended December 31, 2006

	Governmental Fund Types			(Memorandum Only) Total
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property Taxes and Other Local Taxes	\$ 75,536	\$ 369,508	-	\$ 445,044
Intergovernmental	84,376	158,679	\$ 37,500	280,555
Charges for Services	-	25,171	-	25,171
Licenses, Permits and Fees	-	33,167	-	33,167
Earnings on Investments	52,060	6,509	-	58,569
Miscellaneous	6,860	2,500	-	9,360
Total Cash Receipts	218,832	595,534	37,500	851,866
Cash Disbursements:				
General Government	159,590	29,984	-	189,574
Public Safety	-	215,288	37,500	252,788
Public Works	-	345,684	-	345,684
Health	1,185	27,839	-	29,024
Capital Outlay	12,412	2,450	-	14,862
Debt Service:				
Principal Payments	25,838	17,225	-	43,063
Interest Payments	8,061	5,374	-	13,435
Total Cash Disbursements	207,086	643,844	37,500	888,430
Total Cash Receipts Over/(Under) Cash Disbursements	11,746	(48,310)	-	(36,564)
Other Financing Sources/(Uses):				
Transfers-In	400,000	21,000	-	421,000
Transfers-Out	(21,000)	(400,000)	-	(421,000)
Total Other Financing Sources/(Uses)	379,000	(379,000)	-	-
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Sources	390,746	(427,310)	-	(36,564)
Fund Balance, January 1, 2006	6,810	1,062,406	-	1,069,216
Fund Balance, December 31, 2006	\$ 397,556	\$ 635,096	\$ -	\$ 1,032,652
Reserve for Encumbrances, December 31, 2006	\$ 6,945	\$ 48,751	\$ -	\$ 55,696

See accompanying Notes to the Financial Statements.

**YORK TOWNSHIP
MEDINA COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2005**

	Governmental Fund Types		(Memorandum Only) Total
	General	Special Revenue	
Cash Receipts:			
Property Taxes and Other Local Taxes	\$ 44,165	\$ 392,083	\$ 436,248
Intergovernmental	75,551	160,688	236,239
Charges for Services	5,848	16,684	22,532
Licenses, Permits and Fees	-	34,411	34,411
Earnings on Investments	27,912	2,458	30,370
Miscellaneous	2,843	1,804	4,647
Total Cash Receipts	156,319	608,128	764,447
Cash Disbursements:			
General Government	146,481	34,449	180,930
Public Safety	-	278,688	278,688
Public Works	-	232,188	232,188
Health	2,326	26,870	29,196
Capital Outlay	8,660	1,929	10,589
Debt Service:			
Principal Payments	24,654	16,436	41,090
Interest Payments	6,883	8,525	15,408
Total Cash Disbursements	189,004	599,085	788,089
Total Cash Receipts Over/(Under) Cash Disbursements	(32,685)	9,043	(23,642)
Other Financing Sources/(Uses):			
Transfers-In	-	18,714	18,714
Transfers-Out	(18,714)	-	(18,714)
Refund of Prior Year Disbursement	10,000	-	10,000
Total Other Financing Sources/(Uses)	(8,714)	18,714	10,000
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(41,399)	27,757	(13,642)
Fund Balance, January 1, 2005	48,209	1,034,649	1,082,858
Fund Balance, December 31, 2005	\$ 6,810	\$ 1,062,406	\$ 1,069,216
Reserve for Encumbrances, December 31, 2005	\$ 6,793	\$ 73,741	\$ 80,534

See accompanying Notes to the Financial Statements.

**YORK TOWNSHIP
MEDINA COUNTY, OHIO**

**Notes To The Financial Statements
For The Years Ended December 31, 2006 & 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

York Township, (the Township) 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 road and bridge maintenance and cemetery maintenance. The Township contracts with the Erhart Fire Department to provide fire and ambulance services.

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 by the Auditor of State.

C. CASH AND INVESTMENTS

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

1. General Fund

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

YORK TOWNSHIP
MEDINA COUNTY, OHIO

Notes To The Financial Statements
For The Years Ended December 31, 2006 & 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

2. Special Revenue Funds

To account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund – This fund receives gasoline tax monies from State of Ohio for construction and repair of Township streets.

Road & Bridge Fund – This fund receives property tax money levied for the funding of the repair of the Township's roads.

Special Levy Fire Fund - This fund receives property tax money levied for the funding of fire protection services.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had only one capital projects fund, which accounted for money received from FEMA Public Assistance Funds.

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 level of control and appropriations may not exceed estimated resources. The 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. The Township's legal level of control is the object level.

2. Estimated Resources

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

3. 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.

YORK TOWNSHIP
MEDINA COUNTY, OHIO

Notes To The Financial Statements
For The Years Ended December 31, 2006 & 2005

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

E. **BUDGETARY PROCESS – (continued)**

A summary of 2006 & 2005 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. **ACCUMULATED LEAVE**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. **EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2006</u>	<u>2005</u>
Demand Deposits	\$ 126,467	\$ 118,078
Certificates of Deposit	800,000	850,000
STAR Ohio	<u>106,185</u>	<u>101,138</u>
Total deposits and investments	<u>\$ 1,032,652</u>	<u>\$ 1,069,216</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**YORK TOWNSHIP
MEDINA COUNTY, OHIO**

**Notes To The Financial Statements
For The Years Ended December 31, 2006 & 2005**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 is as follows:

2006 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$235,904	\$618,832	\$382,928
Special Revenue	560,162	616,534	56,372
Capital Projects	37,500	37,500	0
Total	\$833,566	\$1,272,866	\$439,300

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$238,122	\$235,031	\$3,091
Special Revenue	1,230,315	1,092,595	137,720
Capital Projects	37,500	37,500	0
Total	\$1,505,937	\$1,365,126	\$140,811

2005 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$176,333	\$166,319	\$(10,014)
Special Revenue	546,732	626,842	80,110
Total	\$723,065	\$793,161	\$70,096

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$223,625	\$214,511	\$9,114
Special Revenue	810,835	672,826	138,009
Total	\$1,034,460	\$887,337	\$147,123

**YORK TOWNSHIP
MEDINA COUNTY, OHIO**

**Notes To The Financial Statements
For The Years Ended December 31, 2006 & 2005**

4. PROPERTY TAXES

Real property becomes a lien on January 1 preceding the October 1 date for which rates are adopted by Township 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 payments, 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 on the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEM

Full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2006, OPERS members contributed 9% of their gross salaries. For 2005, OPERS members contributed 8.5 % of their gross salaries. The Township contributed an amount equal to 13.70% for 2006 and 13.55% for 2005 of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

6. RISK MANAGEMENT

York Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public Officials Liability

7. DEBT

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bank Loan	<u>\$265,396</u>	4.7%
Total	<u>\$265,396</u>	

The Bank Loan relates to the purchase of two properties adjacent to Township hall. The Township plans on using the properties for expansion of their current operations.

**YORK TOWNSHIP
MEDINA COUNTY, OHIO**

**Notes To The Financial Statements
For The Years Ended December 31, 2006 & 2005**

8. CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

9. TRANSFERS

The Township transferred money from the Special Revenue-Road and Bridge Fund to the General Fund in 2006. A court order was obtained for this transfer and it was properly approved by the Trustees. All other Ohio revised Code requirements were followed.

10. RESTATEMENT OF PRIOR YEAR FUND BALANCE

In the prior audit, debt proceeds and principal and interest payments were allocated incorrectly between the General Fund and the Special Revenue-Fire Levy Fund. The resultant effect is an increase in the General Fund balance and a decrease in the Special Revenue-Fire Levy Fund of \$34,787.

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

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

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

York Township
Medina County
7475 Norwalk Road
Medina, OH 44256

To the Board of Trustees:

We have audited the financial statements of York Township, Medina County, Ohio (Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 8, 2007, wherein we noted the Township followed accounting practices prescribed or permitted by the Auditor of State of Ohio. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices prescribed or permitted by the Auditor of State of Ohio such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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, grants agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the Township in a separate letter dated June 8, 2007.

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

Charles E. Harris & Associates, Inc.
June 8, 2007

STATUS OF PRIOR YEAR CITATIONS AND RECOMMENDATIONS

The prior report, as of December 31, 2003 and 2004, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

YORK TOWNSHIP

MEDINA 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 4, 2007**