

**CONGRESS TOWNSHIP  
WAYNE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007 - 2006**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Congress Township  
11869 Stratton Road  
West Salem, Ohio 44287

We have reviewed the *Independent Accountants' Report* of Congress Township, Wayne County, prepared by Knox & Knox, for the audit period January 1, 2006 through December 31, 2007. 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. Congress Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 9, 2008

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CONGRESS TOWNSHIP  
WAYNE COUNTY

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# KNOX & KNOX

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Accountants and Consultants

## Independent Accountants' Report

Congress Township  
Wayne County  
11869 Stratton Road  
West Salem, Ohio 44287

To the Board of Trustees:

We have audited the accompanying financial statements of governmental activities, each major fund and the aggregate remaining fund information of Congress Township, Wayne County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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, if any, 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 in Note 2, the Township has prepared these financial statements and notes using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Congress Township, Wayne County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position-modified cash basis and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, and Road District funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2008, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

*KNOX & KNOX*

Orrville, Ohio  
June 17, 2008

CONGRESS TOWNSHIP  
WAYNE COUNTY

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

This discussion and analysis of Congress Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**HIGHLIGHTS**

Key highlights for 2007 are as follows:

Net assets of Township activities increased \$23,757, or 6.6 percent, which is not a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Road District Fund, which almost doubled its reserves at the end of the year. Although not labeled as such, this fund, in the past, has been used as the fund for capital outlay.

The Township's general receipts are primarily property taxes. These receipts represent 72 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little (increased \$4,186) compared to 2006 as development within the Government has slowed.

Key highlights for 2006 are as follows:

The year 2006 is the first year to do the financial statement in this format.

Net assets of Township activities decreased \$ 52,684, or 14.8 percent, which is due mainly, to the cost of improving the newly purchased site used for road material storage. Also, there was a large refund of inheritance tax the Township had to make due to the misjudgment of a lawyer in paying the tax originally to the Township. Both of these expenditures came out of the General Fund so that was the fund which decreased the most. Other factors would be the increased cost of fuel and road maintenance material.

The Township's general receipts are primarily property and other local taxes, and intergovernmental receipts. These receipts represent respectively 59 percent and 36.5 percent of the total cash received for Township activities during the year. Property and other local taxes receipts for 2006 decreased considerably, possibly due in part to the phasing out of personal property taxes as development within the government has slowed.

**USING THE BASIC FINANCIAL STATEMENTS**

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

**Report Components**

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

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular

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specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

**Basis of Accounting**

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

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

**REPORTING THE GOVERNMENT AS A WHOLE**

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and activity. Program receipts include charges paid by the recipient of the program's goods or services and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

**REPORTING THE GOVERNMENT'S MOST SIGNIFICANT FUNDS**

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

The Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides.

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

**THE TOWNSHIP AS A WHOLE**

Table 1 provides a summary of the Township's net assets for 2007 and 2006 on a cash basis.

(TABLE 1)  
NET ASSETS

	Governmental Activities	
	2007	2006
<b>ASSETS</b>		
Cash and Cash Equivalents	\$7,363	\$17,019
Investments	371,927	338,514
Total Assets	<b>\$379,291</b>	<b>\$355,533</b>
<b>NET ASSETS</b>		
Restricted for:		
Other Purposes	\$326,497	\$303,069
Unrestricted	52,794	52,464
Total Net Assets	<b>\$379,291</b>	<b>\$355,533</b>

As mentioned previously, net assets of governmental activities increased \$23,757 or 6.6 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- The Township received an increase in property taxes of \$4,292. Total receipts for the year were up \$11,295 from 2006.
- The Township's disbursements were \$65,000 less this year since we had no large project as we did last year.
- Earnings on investments increased by \$6,000.

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Management's Discussion and Analysis  
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Table 2 provides a summary of the Township's net assets for 2006 on a cash basis.

(TABLE 2)  
NET ASSETS

	Governmental Activities	
	2006	2005
<b>ASSETS</b>		
Cash and Cash Equivalents	\$17,019	
Investments	338,514	_____
Total Assets	<u>\$355,533</u>	<u>\$408,217</u>
<b>NET ASSETS</b>		
Restricted for:		
Other Purposes	\$303,069	
Unrestricted	52,464	_____
Total Net Assets	<u>\$355,533</u>	<u>\$408,217</u>

As mentioned previously, net assets of governmental activities decreased \$52,684 or 14.8 percent during 2006. The primary reasons contributing to the decreases in cash balances are as follows:

- Unanticipated slow growth in local tax receipts and the phasing out of personal property taxes.
- The cost of preparing the site of the newly purchased property for road material storage.
- The Township was required to repay monies received through estate taxes due to an error made by the estate attorney.

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Management's Discussion and Analysis  
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Table 3 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities.

(TABLE 3)

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
RECEIPTS:		
Program Receipts:		
Charges for Services and Sales	\$30,267	\$32,297
Operating Grands and Contributions	<u>\$88,980</u>	<u>\$91,296</u>
 Total Program Receipts	 <u>119,247</u>	 <u>123,593</u>
General Receipts:		
Property and Other Local Taxes	229,436	225,250
Other Taxes	721	186
Grants and Entitlements Not Restricted to Specific Programs	67,228	64,417
Interest	16,767	10,667
Miscellaneous	<u>4,368</u>	<u>2,394</u>
 Total General Receipts	 <u>318,520</u>	 <u>302,914</u>
 Total Receipts	 <u>437,767</u>	 <u>426,507</u>
DISBURSEMENTS:		
General Government	108,043	139,404
Public Works	297,622	283,892
Public Health Services	8,094	595
Conservation/Recreation	250	
Capital Outlay	<u>          </u>	<u>55,302</u>
 Total Disbursements	 <u>414,010</u>	 <u>479,192</u>
 Increase (Decrease) in Net Assets	 23,757	 (52,685)
 Net Assets, January 1	 <u>355,533</u>	 <u>408,217</u>
 NET ASSETS, DECEMBER 31	 <u><u>\$379,290</u></u>	 <u><u>\$355,533</u></u>

**2007**

Program receipts represent only 27 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

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General receipts represent 73 percent of the Township's total receipts, and of this amount, over 72 percent are local taxes. State entitlements and earnings on investments make up the balance of the Government's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the auditor and treasurer, utilities, as well as internal services such as payroll and purchasing. These represent the majority expenditures amounting to 92 percent of the General Fund unrestricted receipts.

Public Health Services is the health department; public works is the cost of maintaining the roads; conservation/recreation is the costs of maintaining the playing fields.

**2006**

Program receipts represent only 29 percent of the total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

General receipts represent 71 percent of the Township's total receipts, and of this amount, over 74 percent are local taxes. State entitlements and interest make up the balance of the Township's general receipts (39 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the auditor and treasurer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to the General Fund unrestricted receipts but this year actually overspent receipts in this area. This was only possible due to the carryover balance in this fund at the beginning of the year.

Public health services is the health department; Public works is the cost of maintaining the roads and bridges in the Township, maintaining Township cemeteries and providing street lights for Pleasant Home. Capital outlay was the disbursements for the site improvement on the newly purchased property to prepare it for access and storage of road material.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public works, which account for 72 percent of all governmental disbursements.. General government also represents a significant cost. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net cost Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 4.

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WAYNE COUNTY

Management's Discussion and Analysis  
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(TABLE 4)  
GOVERNMENTAL ACTIVITIES

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$108,043	\$104,002	\$139,404	\$133,762
Public Works	297,622	182,416	283,892	165,941
Public Health Services	8,094	8,094	595	595
Conservation/Recreation	250	250		
Capital Outlay			<u>55,302</u>	<u>55,302</u>
Total Expenses	<u><u>\$414,010</u></u>	<u><u>\$294,762</u></u>	<u><u>\$479,193</u></u>	<u><u>\$355,600</u></u>

In 2007 the dependence upon tax receipts is apparent as over 72 percent of the Township's activities are supported through these general receipts.

The Township's total expenses decreased in 2007, though most of the line item expenses increased, This was due to the capital outlay and the reimbursement of estate taxes we had last year but did not have this year.

**Business-type Activities**

The Township had no business-type activities.

**The Township's Funds**

In 2007, total governmental funds had receipts of \$437,767 and disbursements of \$414,010. The greatest change within governmental funds occurred within the Road District Fund. The fund balance of the Road District Fund increased \$44,492 as the result of our using the fund as a storehouse for future capital outlay.

In 2007, General Fund receipts were more than disbursements by \$330, indicating that the General Fund is staying within its budget.

In 2006, total governmental funds had receipts of \$426,508 and disbursements of \$479,192. The greatest change within governmental funds occurred within the General Fund, The fund balance of the General Fund decreased \$82,622 as the result of, mainly, the capital outlay and the repayment of estate tax money, plus increased costs for salaries and benefits and not achieving anticipated growth in income and property tax receipts.

In 2006, General Fund receipts were less than disbursements by \$82,622 indicating that the General Fund is in a deficit spending situation. The capital outlay for the site improvements of the property tax was a one-time expense. The reimbursement to the county auditor for almost \$27,000 in estate tax was a one-time expense.

CONGRESS TOWNSHIP  
WAYNE COUNTY

Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

**GENERAL FUND BUDGETING HIGHLIGHTS**

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

During 2007, the total budget for revenues was \$424,233. Actual receipts were \$437,767. The difference between final budgeted receipts and actual receipts was \$13,534 so we received more than expected.

Fund appropriated were budgeted at \$754,070 while actual disbursements were \$414,010. The total actual disbursements were \$23,757 less than the total actual receipts. The difference in the appropriated amount and the actual disbursements reflect that money carried over from previous years and being store-housed for future use in building a storage unit for road materials and the replacement of road equipment.

In 2006, final disbursements were budgeted at \$240,179 while actual disbursements were \$199,559. Although receipts failed to live up to expectations, appropriations were not reduced. The Government kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the decrease in fund balance of \$86,017 for 2006.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure except through the necessary insurance inventory. The Township did purchase a new Cub Cadet mower in 2007 to mow the cemeteries and storage property.

Debt

The Township has no outstanding debt.

**CURRENT ISSUES**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funds. We rely heavily on local taxes and have very little industry to support the tax base. Our Road and Bridge Levy expired last year but a replacement levy was voted on and passed in November. We currently have a legal matter in process, concerning zoning.

**CONTACTING THE TOWNSHIP'S MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Barbara Calihan, Fiscal Officer, Congress Township, 11869 Stratton Road, West Salem, Ohio 44287.

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>\$379,291</u>
 TOTAL ASSETS	 <u><u>\$379,291</u></u>
NET ASSETS	
Restricted for:	
Other Purposes	\$326,497
Unrestricted	<u>52,794</u>
 TOTAL NET ASSETS	 <u><u>\$379,291</u></u>

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

CONGRESS TOWNSHIP  
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STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u>		<u>Net</u> <u>(Disbursements)</u> <u>Receipts</u> <u>Changes in</u> <u>Net Assets</u>
		<u>Charges</u> <u>for Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
<b>GOVERNMENT ACTIVITIES</b>				
General Government	\$108,043			(\$108,043)
Public Works	297,622	\$26,226	\$88,980	(182,416)
Health	8,094			(8,094)
Conservation/Recreation	250			(250)
Other		4,041		4,041
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u><u>\$414,010</u></u>	<u><u>\$30,267</u></u>	<u><u>\$88,980</u></u>	<u><u>(\$294,763)</u></u>
 <b>GENERAL RECEIPTS</b>				
Property Taxes				229,436
Other Taxes				721
Grants and Entitlements Not Restricted to Specific Programs				67,228
Earnings on Investments				16,767
Other				4,368
				<u>                    </u>
Total General Receipts				<u>318,520</u>
Change in Net Assets				23,757
Net Assets, January 1				<u>355,533</u>
<b>NET ASSETS, DECEMBER 31</b>				<u><u>\$379,291</u></u>

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Gasoline Tax Fund	Road and Bridge Fund	Road District Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Equity in Pooled Cash and Cash Equivalents	\$52,794	\$115,836	\$67,092	\$102,054	\$41,516	\$379,291
<b>TOTAL ASSETS</b>	<b>\$52,794</b>	<b>\$115,836</b>	<b>\$67,092</b>	<b>\$102,054</b>	<b>\$41,516</b>	<b>\$379,291</b>
<b>FUND BALANCES</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$52,794					\$52,794
Special Revenue Funds		\$115,836	\$67,092	\$102,054	\$41,516	326,497
<b>TOTAL FUND BALANCES</b>	<b>\$52,794</b>	<b>\$115,836</b>	<b>\$67,092</b>	<b>\$102,054</b>	<b>\$41,516</b>	<b>\$379,291</b>

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Gasoline Tax Fund	Road and Bridge Fund	Road Di strict Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property and Other Local Taxes	\$59,275		\$110,658	\$60,224	\$26,226	\$256,383
Licenses, Permits, and Fees	4,041					4,041
Intergovernmental	44,282	\$88,980	14,869	8,077		156,208
Earnings on Investments	9,675	5,367			1,725	16,767
Other	308		3,786	273		4,368
<b>Total Receipts</b>	<u>117,581</u>	<u>94,346</u>	<u>129,313</u>	<u>68,575</u>	<u>27,951</u>	<u>437,767</u>
<b>DISBURSEMENTS</b>						
Current:						
General Government	108,043					108,043
Public Works	864	111,565	119,818	24,083	41,292	297,622
Health	8,094					8,094
Conservation-Recreation	250					250
<b>Total Disbursements</b>	<u>117,252</u>	<u>111,565</u>	<u>119,818</u>	<u>24,083</u>	<u>41,292</u>	<u>414,010</u>
Excess of Receipts Over/(Under) Disbursements	330	(17,219)	9,495	44,492	(13,341)	23,757
Fund Balances January 1	52,464	133,055	57,596	57,561	54,856	355,533
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$52,794</u>	<u>\$115,836</u>	<u>\$67,092</u>	<u>\$102,054</u>	<u>\$41,515</u>	<u>\$379,291</u>

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

CONGRESS TOWNSHIP  
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STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS:</b>				
Property and Other Local Taxes	\$59,518	\$59,518	\$59,275	(\$243)
Fines, Licenses, and Permits	5,642	5,642	4,041	(1,601)
Intergovernmental	42,980	42,980	44,282	1,302
Earnings on investments	6,126	6,126	9,675	3,549
Miscellaneous	503	503	308	(194)
<b>Total Receipts</b>	<b>114,769</b>	<b>114,769</b>	<b>117,581</b>	<b>2,812</b>
<b>DISBURSEMENTS:</b>				
Current:				
General Government	130,446	130,446	108,043	22,403
Public Works	864	864	864	
Health	14,500	14,500	8,094	6,406
Conservation-Recreation	5,000	5,000	250	4,750
<b>Total Disbursements</b>	<b>150,810</b>	<b>150,810</b>	<b>117,252</b>	<b>33,558</b>
Excess Receipts Over/(Under) Disbursements	(36,041)	(36,041)	330	36,370
Fund Balance Beginning of Year	52,464	52,464	52,464	
<b>FUND BALANCE END OF YEAR</b>	<b>\$16,424</b>	<b>\$16,424</b>	<b>\$52,794</b>	<b>\$36,370</b>

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS  
GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>RECEIPTS:</b>				
Intergovernmental	\$94,296	\$94,296	\$88,980	(\$5,317)
Earnings on investments	<u>3,169</u>	<u>3,169</u>	<u>5,367</u>	<u>2,198</u>
Total Receipts	<u>97,465</u>	<u>97,465</u>	<u>94,346</u>	<u>(3,119)</u>
<b>DISBURSEMENTS:</b>				
Current:				
Public Works	<u>230,000</u>	<u>230,000</u>	<u>111,565</u>	<u>118,435</u>
Total Disbursements	<u>230,000</u>	<u>230,000</u>	<u>111,565</u>	<u>118,435</u>
Excess Receipts Over/(Under) Disbursements	(132,535)	(132,535)	(17,219)	115,316
Fund Balance Beginning of Year	<u>133,055</u>	<u>133,055</u>	<u>133,055</u>	<u>          </u>
<b>FUND BALANCE END OF YEAR</b>	<u><u>\$520</u></u>	<u><u>\$520</u></u>	<u><u>\$115,836</u></u>	<u><u>\$115,316</u></u>

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS:				
Property and Other Local Taxes	\$104,700	\$104,700	\$110,658	\$5,958
Intergovernmental	12,900	12,900	14,869	1,969
Other			3,786	3,786
Total Receipts	117,600	117,600	129,313	11,713
DISBURSEMENTS:				
Current:				
Public Works	175,000	175,000	119,818	55,182
Total Disbursements	175,000	175,000	119,818	55,182
Excess Receipts Over/(Under) Disbursements	(57,400)	(57,400)	9,495	66,895
Fund Balance Beginning of Year	57,596	57,596	57,596	
FUND BALANCE END OF YEAR	\$196	\$196	\$67,092	\$66,895

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS  
ROAD DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS:</b>				
Property and Other Local Taxes	\$56,000	\$56,000	\$60,224	\$4,224
Intergovernmental	7,400	7,400	8,077	677
Other			273	273
Total Receipts	<u>63,400</u>	<u>63,400</u>	<u>68,575</u>	<u>5,175</u>
<b>DISBURSEMENTS:</b>				
Current:				
Public Works	<u>113,000</u>	<u>113,000</u>	<u>24,083</u>	<u>88,917</u>
Total Disbursements	<u>113,000</u>	<u>113,000</u>	<u>24,083</u>	<u>88,917</u>
Excess Receipts Over/(Under) Disbursements	(49,600)	(49,600)	44,492	94,092
Fund Balance Beginning of Year	<u>57,561</u>	<u>57,561</u>	<u>57,561</u>	
<b>FUND BALANCE END OF YEAR</b>	<u><u>\$7,961</u></u>	<u><u>\$7,961</u></u>	<u><u>\$102,054</u></u>	<u><u>\$94,092</u></u>

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	<u>\$355,533</u>
TOTAL ASSETS	<u><u>\$355,533</u></u>
NET ASSETS	
Restricted for:	
Other Purposes	\$303,069
Unrestricted	<u>52,464</u>
TOTAL NET ASSETS	<u><u>\$355,533</u></u>

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u>		<u>Net</u> <u>(Disbursements)</u> <u>Receipts</u> <u>Changes in</u> <u>Net Assets</u>
		<u>Charges</u> <u>for Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
<b>GOVERNMENT ACTIVITIES</b>				
General Government	\$139,404			(\$139,404)
Public Works	283,892	\$26,655	\$91,296	(165,941)
Health	595			(595)
Other		5,642		5,642
Capital Outlay	<u>55,302</u>			<u>(55,302)</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u><u>\$479,192</u></u>	<u><u>\$32,297</u></u>	<u><u>\$91,296</u></u>	<u><u>(355,598)</u></u>
<b>GENERAL RECEIPTS</b>				
Property Taxes				225,250
Other Taxes				186
Grants and Entitlements Not Restricted to Specific Programs				64,417
Earnings on Investments				10,667
Miscellaneous				<u>2,394</u>
Total General Receipts				<u>302,914</u>
Change in Net Assets				(52,684)
Net Assets, January 1				<u>408,217</u>
<b>NET ASSETS, DECEMBER 31</b>				<u><u>\$355,533</u></u>

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	General	Gasoline Tax Fund	Road and Bridge Fund	Road District Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$52,464	\$133,055	\$57,596	\$57,562	\$54,856	\$355,533
<b>TOTAL ASSETS</b>	<b>\$52,464</b>	<b>\$133,055</b>	<b>\$57,596</b>	<b>\$57,562</b>	<b>\$54,856</b>	<b>\$355,533</b>
<b>FUND BALANCES</b>						
Reserved:						
Reserved for Encumbrances	\$3,395		\$18,012	\$18,213	\$59	\$39,679
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	49,070					49,070
Special Revenue Funds		\$133,055	39,584	39,349	54,797	266,784
<b>TOTAL FUND BALANCES</b>	<b>\$52,464</b>	<b>\$133,055</b>	<b>\$57,596</b>	<b>\$57,562</b>	<b>\$54,856</b>	<b>\$355,533</b>

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	General	Gasoline Tax Fund	Road and Bridge Fund	Road D istrict Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property and Other Local Taxes	\$58,290		\$108,298	\$58,848	\$26,655	\$252,092
Licenses, Permits, and Fees	5,642					5,642
Intergovernmental	42,980	\$91,296	13,960	7,477		155,713
Earnings on Investments	6,126	2,740			1,801	10,667
Other	503		1,585	306		2,394
<b>Total Receipts</b>	<u>113,541</u>	<u>94,036</u>	<u>123,843</u>	<u>66,631</u>	<u>28,456</u>	<u>426,508</u>
<b>DISBURSEMENTS</b>						
Current:						
General Government	139,404					139,404
Public Works	864	25,000	178,882	50,255	28,891	283,892
Health	595					595
Capital Outlay	55,302					55,302
<b>Total Disbursements</b>	<u>196,164</u>	<u>25,000</u>	<u>178,882</u>	<u>50,255</u>	<u>28,891</u>	<u>479,192</u>
Excess of Receipts Over/(Under) Disbursements	(82,622)	69,036	(55,039)	16,376	(435)	(52,684)
Fund Balances January 1	135,087	64,019	112,635	41,186	55,291	408,217
<b>FUND BALANCES, DECEMBER 31</b>	<u><u>\$52,464</u></u>	<u><u>\$133,055</u></u>	<u><u>\$57,596</u></u>	<u><u>\$57,562</u></u>	<u><u>\$54,856</u></u>	<u><u>\$355,533</u></u>

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS:</b>				
Property and Other Local Taxes	\$55,533	\$55,533	\$58,290	\$2,757
Fines, Licenses, and Permits	2,750	2,750	5,642	2,892
Intergovernmental	42,141	42,141	42,980	839
Earnings on investments	4,669	4,669	6,126	1,458
Other			503	503
<b>Total Receipts</b>	<b>105,093</b>	<b>105,093</b>	<b>113,541</b>	<b>8,448</b>
<b>DISBURSEMENTS:</b>				
Current:				
General Government	138,850	166,015	142,271	23,744
Public Works	864	864	864	
Health	13,800	7,800	595	7,205
Capital Outlay	65,500	65,500	55,829	9,671
<b>Total Disbursements</b>	<b>219,014</b>	<b>240,179</b>	<b>199,559</b>	<b>40,620</b>
Excess Receipts Over/(Under) Disbursements	(113,921)	(135,086)	(86,017)	49,069
Fund Balance Beginning of Year	135,087	135,087	135,087	
<b>FUND BALANCE END OF YEAR</b>	<b>\$21,166</b>	<b>\$1</b>	<b>\$49,070</b>	<b>\$49,069</b>

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS  
GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS:				
Intergovernmental	\$50,200	\$50,200	\$91,296	\$41,096
Earnings on investments	802	802	2,740	1,938
Total Receipts	<u>51,002</u>	<u>51,002</u>	<u>94,036</u>	<u>43,034</u>
DISBURSEMENTS:				
Current:				
Public Works	<u>115,000</u>	<u>115,000</u>	<u>25,000</u>	<u>90,000</u>
Total Disbursements	<u>115,000</u>	<u>115,000</u>	<u>25,000</u>	<u>90,000</u>
Excess Receipts Over/(Under) Disbursements	(63,998)	(63,998)	69,036	133,034
Fund Balance Beginning of Year	<u>64,019</u>	<u>64,019</u>	<u>64,019</u>	
FUND BALANCE END OF YEAR	<u><u>\$21</u></u>	<u><u>\$21</u></u>	<u><u>\$133,055</u></u>	<u><u>\$133,034</u></u>

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS:				
Property and Other Local Taxes	\$93,800	\$93,800	\$108,298	\$14,498
Intergovernmental	12,900	12,900	13,960	1,060
Other			1,585	1,585
Total Receipts	106,700	106,700	123,843	17,143
DISBURSEMENTS:				
Current:				
Public Works	218,000	218,000	196,894	21,106
Total Disbursements	218,000	218,000	196,894	21,106
Excess Receipts Over/(Under) Disbursements	(111,300)	(111,300)	(73,051)	38,249
Fund Balance Beginning of Year	112,635	112,635	112,635	
FUND BALANCE END OF YEAR	\$1,335	\$1,335	\$39,584	\$38,249

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS  
ROAD DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS:				
Property and Other Local Taxes	\$54,800	\$54,800	\$58,848	\$4,048
Intergovernmental	7,400	7,400	7,477	77
Other			306	306
Total Receipts	62,200	62,200	66,631	4,431
DISBURSEMENTS:				
Current:				
Public Works	103,000	103,000	68,468	34,532
Total Disbursements	103,000	103,000	68,468	34,532
Excess Receipts Over/(Under) Disbursements	(40,800)	(40,800)	(1,837)	38,963
Fund Balance Beginning of Year	41,186	41,186	41,186	
FUND BALANCE END OF YEAR	\$386	\$386	\$39,349	\$38,963

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

**1. REPORTING ENTITY**

Congress Township, Wayne County, Ohio, (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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government.

**A. PRIMARY GOVERNMENT**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and some cemetery maintenance. The Township contracts with the Town & Country Fire District to provide fire and emergency and medical services. Police protection is provided by Wayne County Sheriff's Department. The Township enacted zoning in 1995. It has a hired Zoning Inspector and a Zoning Commission which consists of five appointed members and Board of Zoning Appeals which consists of five appointed members. The trustees of the Township appoint these members and are responsible for their actions. Each board meets once a month to conduct any business for that time period. The Zoning Inspector is paid an annual salary while the board members receive a stipend of \$10 per meeting attended, at the end of the year.

**B. COMPONENT UNITS**

The Township does not have any component units.

**C. JOINT VENTURES**

The Township has a joint venture with OTARMA. OTARMA is the Ohio Township Association Risk Management Authority, a risk-sharing pool available to Ohio Townships. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**2. CHANGES IN ACCOUNTING PRINCIPLES**

In 2005 and 2004, the Township followed the regulatory basis of accounting as prescribed or permitted by the Auditor of State. In 2007 and 2006, the Township reformatted its financial statements in accordance with GASB 34.

CONGRESS TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

**A. BASIS OF PRESENTATION**

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

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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

**2. Fund Financial Statements**

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

**B. FUND ACCOUNTING**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Township classifies its funds into the following classifications:

CONGRESS TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

B. **FUND ACCOUNTING** (continued)

1. **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. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

2. **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 has the following significant Special Revenue Funds:

*Road and Bridge Fund* - This fund receives tax levy money for constructing, maintaining, and repairing Township roads and bridges.

*Gasoline Tax Fund* - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

*Road District Fund* - This fund receives property tax money to pay for constructing, maintaining, and repairing Township roads.

C. **BASIS OF ACCOUNTING**

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

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

D. **BUDGETARY PROCESS**

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

D. **BUDGETARY PROCESS** (continued)

The appropriations ordinance is the Township's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, division, and office level and within each, for personal services.

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

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

E. **CASH AND INVESTMENTS**

Township records identify the purchase of specific investments in specific funds.

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

During 2007, the Township invested in nonnegotiable certificates of deposit, and a money market mutual fund. The nonnegotiable certificate of deposit was reported at cost. The Township's money market mutual fund investment is recorded at the amount reported by Farmer's State Bank on December 31, 2007

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2007 was \$9,675 which includes \$7,773 assigned from other Township funds.

During 2006, the Township invested in a nonnegotiable certificate of deposit, and a money market mutual fund. The nonnegotiable certificated of deposit was reported at cost. The Township's money market mutual fund investment is recorded at the amount reported by Farmer's state Bank on December 31, 2006

Interest earning are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2006 was \$6,126 which includes \$3,485 assigned from other Township funds.

CONGRESS TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

F. INVENTORY AND PREPAID ITEMS

The Township reports disbursement for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. CAPITAL ASSETS

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

H. ACCUMULATED 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 modified cash basis of accounting used by the Township.

I. EMPLOYER CONTRIBUTIONS TO COST-SHARING PENSIONS

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

**4. ACCOUNTABILITY AND COMPLIANCE**

There are no known items for this note.

**5. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the general fund is (and any major special revenue fund are) prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balances (cash basis) (and outstanding year end advances are treated as another financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). There were no encumbrances outstanding at year end for any fund. There were no outstanding advances at year end for any fund.

**6. DEPOSITS AND INVESTMENTS**

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

CONGRESS TOWNSHIP  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

**6. DEPOSITS AND INVESTMENTS** (continued)

Active monies are public monies necessary to meet current demands upon the Township treasury. Such monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Township has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Monies held by the Village can be deposited or invested in the following securities:

1. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
2. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

At year end, the Township had:

	2007	2006
Demand deposit	\$7,363	\$17,018
Certificates of deposit	40,000	40,000
Money market account	331,927	298,514
Total Disbursements	\$379,291	\$355,532

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

CONGRESS TOWNSHIP  
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NOTES TO THE FINANCIAL STATEMENTS  
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**7. PROPERTY TAX**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2005, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at carrying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006 on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$5.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$35,968,160
Agricultural	11,162,680
Commercial/Industrial/Mineral	1,369,820
Tangible Personal Property	541,240
Business	2,034,790
Public Utility	<u>3,410</u>
Total Assessed Value	<u>\$51,080,100</u>

**8. RISK MANAGEMENT**

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

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

CONGRESS TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

8. **RISK MANAGEMENT** (continued)

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

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

**8. RISK MANAGEMENT** (continued)

Financial Position

OTARMA'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, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future is approximately \$6,002. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA 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 OTARMA for each year of membership.

Contributions to OTARMA	
2004	\$5,447
2005	\$6,537
2006	\$6,386

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. 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.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

9. **DEFINED BENEFIT PENSION PLANS**

A. **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The Township participates in the Ohio Public Employees System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined benefit pension plan; and the Combined Plan - a cost-sharing, multiple-employer pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as post-retirement healthcare coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-retirement healthcare coverage.

In order to qualify for post-employment healthcare coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 1 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in *GASB Statement 12*.

A portion of each employer's contribution is set aside for the funding of post-retirement healthcare. The Ohio Revised Code provides statutory authority for employer contributions. In 2007 state employers contributed at a rate of 13.85 percent of covered salaries. For 2007 member and employer contribution rates were consistent across all three plans. The 2007 member contribution rate was 9.5 percent. The portion the employer contributions for all employers, allocated to healthcare was 5 percent from January 1 through June 30, 2007 and 6 percent from July 1 through December 31, 2007.

B. **STATUTORY AUTHORITY**

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment healthcare through their contributions to OPERS.

C. **SUMMARY OF ASSUMPTIONS**

Actuarial Review - The assumptions and calculations below were based on OPERS' last actuarial review performed as of December 31, 2006.

Funding Method - The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method - All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

CONGRESS TOWNSHIP  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

9. **DEFINED BENEFIT PENSION PLANS** (continued)

Investment Return -The investment assumption rate for 2006 as 6.50 percent.

Active Employee Total Payroll - An annual increase of 4 percent, compounded annually, is the base portion of the individual pay increases over and above 4 percent base increase, were assumed to range from .50 percent to 6.3 percent.

Healthcare - Healthcare cost were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 percent to 5 percent for the next eight years.

D. **OPEB**

OPEB is advance-funded on an actuarially determined basis. The following disclosures are required;

1. The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in December 31, 2006, actuarial valuation was 362,130.
2. The rates stated in Section A, above, are the contractually required contribution rates for OPERS.
3. The amount of \$12.0 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006.
4. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$30.7 billion and \$18.7 billion, respectively.

E. **OPERS BOARD OF TRUSTEES IMPLEMENTS ITS HEALTH CARE PRESERVATION PLAN**

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 6, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

10. **POSTEMPLOYMENT BENEFITS**

A. **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System (OPERS) provides post-retirement healthcare coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Healthcare coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for post-retirement healthcare coverage. The healthcare coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement healthcare based on authority granted by State statute.

CONGRESS TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

**10. POSTEMPLOYMENT BENEFITS** (continued)

**B. PLAN DESCRIPTION**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined benefit pension plan; and the Combined Plan - a cost-sharing, multiple-employer pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**C. FUNDING POLICY**

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of eight percent, an annual increase in active employee total payroll of four percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between one-half and six point three percent based on additional annual pay increases. Healthcare premiums were assumed to increase between one and six percent annually for the next eight years and four percent annually after eight years.

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

**11. CONTINGENT LIABILITIES**

The Township is defendant in a zoning lawsuit at present. Although management cannot presently determine the outcome of this suit, they believe the resolution of this matter will not materially affect the Township's financial condition.

**12. DEBT**

Congress Township has no debt.

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# KNOX & KNOX

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Accountants and Consultants

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

Congress Township  
Wayne County  
11869 Stratton Road  
West Salem, Ohio 44287

To the Board of Trustees:

We have audited the accompanying financial statements of the government activities, and the aggregate remaining fund information of Congress Township, Wayne County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's financial statements and have issued our report thereon dated June 17, 2008 wherein we noted that the Township prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Township's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. 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 a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, 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. We noted no matters involving internal control over financial reporting and its operation that we consider a material weakness.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that a material misstatement 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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we noted matters we reported to the Township Trustees in a separate letter dated June 17, 2008.

#### 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 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*.

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

*KNOX & KNOX*

Orrville, Ohio  
June 17, 2008



**Mary Taylor, CPA**  
Auditor of State

**CONGRESS TOWNSHIP**

**WAYNE 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  
NOVEMBER 6, 2008**