



**Auditor of State
Betty Montgomery**

**STOKES TOWNSHIP
MADISON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Stokes Township
Madison County
14565 Moon Road
South Solon, Ohio 43153

To the Board of Trustees:

We have audited the accompanying financial statements of Stokes Township, Madison County, Ohio, (the Township) as of and for the years ended December 31, 2002 and December 31, 2001. 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 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 discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2002 and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Stokes Township
Madison County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

BETTY MONTGOMERY
Auditor of State

January 31, 2003

**STOKES TOWNSHIP
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$11,569	\$16,040	\$27,609
Intergovernmental	32,401	62,263	94,664
Charges for Services	0	1,965	1,965
Licenses, Permits, and Fees	0	4,634	4,634
Earnings on Investments	972	3,642	4,614
Other Revenue	0	2,750	2,750
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	44,942	91,294	136,236
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	38,097	0	38,097
Public Safety	0	10,840	10,840
Public Works	0	60,998	60,998
Health	11,112	6,945	18,057
Capital Outlay	2,060	15,791	17,851
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	51,268	94,574	145,842
	<hr/>	<hr/>	<hr/>
Total Receipts(Under) Disbursements	(6,327)	(3,280)	(9,607)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	29,442	119,559	149,001
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u><u>\$23,116</u></u>	<u><u>\$116,279</u></u>	<u><u>\$139,395</u></u>

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

STOKES TOWNSHIP
MADISON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$60
Total Operating Cash Receipts	<u>60</u>
Operating Cash Disbursements:	
Supplies and Materials	72
Total Operating Cash Disbursements	<u>72</u>
Operating(Loss)	<u>(12)</u>
Net Receipts (Under) Disbursements	(12)
Fund Cash Balances, January 1	<u>2,379</u>
Fund Cash Balances, December 31	<u><u>\$2,367</u></u>

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

**STOKES TOWNSHIP
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$11,508	\$15,180	\$26,688
Intergovernmental	23,169	64,338	87,507
Charges for Services	0	1,965	1,965
Licenses, Permits, and Fees	0	5,256	5,256
Earnings on Investments	3,016	5,723	8,739
Other Revenue	1,473	580	2,053
	<u>39,166</u>	<u>93,042</u>	<u>132,208</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	51,749	0	51,749
Public Safety	925	13,716	14,641
Public Works	0	37,172	37,172
Health	13,969	7,358	21,327
Capital Outlay	0	2,417	2,417
	<u>66,643</u>	<u>60,663</u>	<u>127,306</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	(27,477)	32,379	4,902
Fund Cash Balances, January 1	<u>56,919</u>	<u>87,180</u>	<u>144,099</u>
Fund Cash Balances, December 31	<u>\$29,442</u>	<u>\$119,559</u>	<u>\$149,001</u>

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

**STOKES TOWNSHIP
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	<u>\$81</u>
Total Operating Cash Receipts	<u>81</u>
Operating Cash Disbursements:	
Supplies and Materials	72
Total Operating Cash Disbursements	<u>72</u>
Operating Income	<u>9</u>
Net Receipts Over Disbursements	9
Fund Cash Balances, January 1	<u>2,370</u>
Fund Cash Balances, December 31	<u><u>\$2,379</u></u>

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

**STOKES TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Stokes Township, Madison County, (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, cemetery maintenance, fire protection and emergency medical 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 or permitted 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.

Certificates of deposit and demand deposits are valued at cost.

D. Fund Accounting

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

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.

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 had the following significant Special Revenue Funds:

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

**Stokes Township
Madison COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

2. Special Revenue Funds (continued)

Fire Levy Fund- This fund receives money from property taxes for purchasing fire equipment and vehicles and providing emergency fire services.

3. Fiduciary Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund- This fiduciary fund is used to account for assets held by the Township in a trustee capacity.

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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2002 and 2001 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.

**Stokes Township
Madison COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	2002	2001
Demand deposits	\$74,762	\$59,380
Certificates of deposit	67,000	92,000
Total deposits	141,762	151,380
 Total deposits	\$141,762	\$151,380

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township,

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,550	\$44,942	\$3,392
Special Revenue	103,552	91,294	(12,258)
Fiduciary	75	60	(15)
Total	\$145,177	\$136,296	(\$8,881)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,183	\$51,268	\$3,915
Special Revenue	159,210	94,574	64,636
Fiduciary	120	72	48
Total	\$214,513	\$145,914	\$68,599

**Stokes Township
Madison COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,959	\$39,166	(\$11,793)
Special Revenue	90,713	93,042	2,329
Fiduciary	120	81	(39)
Total	<u>\$141,792</u>	<u>\$132,289</u>	<u>(\$9,503)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$79,832	\$66,643	\$13,189
Special Revenue	128,869	60,663	68,206
Fiduciary	120	72	48
Total	<u>\$208,821</u>	<u>\$127,378</u>	<u>\$81,443</u>

4. PROPERTY TAX

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

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

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

5. RETIREMENT SYSTEMS

Employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**Stokes Township
Madison COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. RETIREMENT SYSTEMS (continued)

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries from January 1, 2001 through December 31, 2002. The Township has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

The Township is a member participant in the Ohio Government Risk Management Plan and has obtained insurance for the following risks.

- General liability and casualty;
- Public official's liability; and
- Vehicle.- Inland Marine and Fire
- Electronic Data Processing

The Township also provides health, vision, dental and life insurance coverage to the elected officials and full-time employees through private carriers.

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**Auditor of State
Betty Montgomery**

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

Stokes Township
Madison County
14565 Moon Road
South Solon, Ohio 43153

To the Board of Trustees:

We have audited the accompanying financial statements of Stokes Township, Madison County (the Township) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated January 31, 2003. 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.

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*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated January 31, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated January 31, 2003.

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

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

BETTY MONTGOMERY
Auditor of State

January 31, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

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STOKES TOWNSHIP

MADISON 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
MARCH 27, 2003**