



**Auditor of State
Betty Montgomery**

YORK TOWNSHIP
FULTON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

York Township
Fulton County
618 Northwood Drive
Delta, Ohio 43515-1061

To the Board of Trustees:

We have audited the accompanying financial statements of York Township, Fulton County, (the Township) as of and for the years ended December 31, 2002 and 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 audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2002 and 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 May 21, 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 audits.

This report is intended solely for the information and use of management, the Board, 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

May 21, 2003

**YORK TOWNSHIP
FULTON 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$63,532	\$129,318		\$192,850
Intergovernmental	52,426	91,003		143,429
Charges for Services	326,855	68,774		395,629
Licenses, Permits, and Fees	980	1,850		2,830
Earnings on Investments	8,907	5,187		14,094
Other Revenue	675	115,752		116,427
	<u>453,375</u>	<u>411,884</u>		<u>865,259</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	119,028			119,028
Public Safety	107,561	92,801		200,362
Public Works	8,620	92,495		101,115
Health	7,299	2,758		10,057
Miscellaneous		1,438		1,438
Debt Service:				
Redemption of Principal	32,583			32,583
Interest and Fiscal Charges	1,531			1,531
Capital Outlay	44	152,797		152,841
	<u>276,666</u>	<u>342,289</u>		<u>618,955</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>176,709</u>	<u>69,595</u>		<u>246,304</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		18,198		18,198
Advances-In	2,587	2,593		5,180
Transfers-Out	(18,198)			(18,198)
Advances-Out	(2,593)	(2,587)		(5,180)
	<u>(18,204)</u>	<u>18,204</u>		
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	158,505	87,799		246,304
Fund Cash Balances, January 1	<u>155,956</u>	<u>507,403</u>	<u>\$4</u>	<u>663,363</u>
Fund Cash Balances, December 31	<u><u>\$314,461</u></u>	<u><u>\$595,202</u></u>	<u><u>\$4</u></u>	<u><u>\$909,667</u></u>

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

YORK TOWNSHIP
FULTON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$59</u>
Operating Cash Disbursements:	
Supplies and Materials	<u>121</u>
Operating Loss	(62)
Fund Cash Balance, January 1	<u>1,710</u>
Fund Cash Balance, December 31	<u><u>\$1,648</u></u>

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

**YORK TOWNSHIP
FULTON 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**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$64,244	\$125,227		\$189,471
Intergovernmental	72,744	82,993	\$940	156,677
Charges for Services		36,750		36,750
Licenses, Permits, and Fees	1,173	1,050		2,223
Earnings on Investments	16,944	8,768		25,712
Other Revenue		132,280		132,280
	<u>155,105</u>	<u>387,068</u>	<u>940</u>	<u>543,113</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	116,589			116,589
Public Safety		29,808		29,808
Public Works	14,448	89,556		104,004
Health	10,028	2,262		12,290
Miscellaneous		1,272		1,272
Debt Service:				
Redemption of Principal	31,880			31,880
Interest and Fiscal Charges	2,234			2,234
Capital Outlay	1,751	196,084	936	198,771
	<u>176,930</u>	<u>318,982</u>	<u>936</u>	<u>496,848</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	(21,825)	68,086	4	46,265
Fund Cash Balances, January 1	177,781	439,317		617,098
Fund Cash Balances, December 31	<u>\$155,956</u>	<u>\$507,403</u>	<u>\$4</u>	<u>\$663,363</u>

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

YORK TOWNSHIP
FULTON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$74</u>
Operating Income	74
Fund Cash Balance, January 1	<u>1,636</u>
Fund Cash Balance, December 31	<u><u>\$1,710</u></u>

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

**YORK TOWNSHIP
FULTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

York Township, Fulton 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

Certificates of deposit are valued at cost. U.S. Savings Bonds are valued at the bond's value at the time bequeathed to the Township. The investment in STAR Ohio is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. 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:

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

Special Road Levy - This fund receives property tax money to pay for major road and bridge construction, maintenance, and repair projects.

YORK TOWNSHIP
FULTON COUNTY

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

Real Estate Tax Donations – This fund receives real estate tax donations from local industries to contribute to road improvements.

Fire – This fund receives property tax money to pay its share of operation and maintenance of the volunteer fire department.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund:

Issue II Fund – Final payments for completion of the County Road F reconstruction project (financed by State grants in prior audit period) were paid from this fund

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant nonexpendable trust fund:

Cemetery Bequest Funds – These funds receive interest earnings which are used for cemetery maintenance, flowers, and free graves.

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, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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.

**YORK TOWNSHIP
FULTON COUNTY**

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

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$148,091	\$23,912
Certificates of deposit	401,000	1,000
Total deposits	549,091	24,912
U.S. Savings Bond	500	500
STAR Ohio	361,724	639,661
Total investments	362,224	640,161
Total deposits and investments	\$911,315	\$665,073

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

Investments: The U.S. Savings Bond is held by the Township in the Township's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$473,555	\$453,375	(\$20,180)
Special Revenue	515,463	430,082	(85,381)
Fiduciary	65	59	(6)
Total	\$989,083	\$883,516	(\$105,567)

**YORK TOWNSHIP
FULTON COUNTY**

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

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$627,111	\$294,864	\$332,247
Special Revenue	992,866	342,289	650,577
Capital Projects	4		4
Fiduciary	1,776	121	1,655
Total	<u>\$1,621,757</u>	<u>\$637,274</u>	<u>\$984,483</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$162,935	\$155,105	(\$7,830)
Special Revenue	387,670	387,068	(602)
Capital Projects	940	940	
Fiduciary	75	74	(1)
Total	<u>\$551,620</u>	<u>\$543,187</u>	<u>(\$8,433)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$340,480	\$176,930	\$163,550
Special Revenue	826,650	318,982	507,668
Capital Projects	940	936	4
Fiduciary	1,711		1,711
Total	<u>\$1,169,781</u>	<u>\$496,848</u>	<u>\$672,933</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.

**YORK TOWNSHIP
FULTON COUNTY**

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

5. LONG TERM OBLIGATIONS

Long term obligations outstanding at December 31, 2002 were as follows:

	Principal
Lease Purchase Agreement	\$13,567
General Credit Obligation	19,760
Total	\$33,327

The lease purchase agreement is with Ford Motor Credit Company for the purchase of a dump truck to be used for Township road maintenance. The general credit obligation is with John Deere Credit for the purchase of a backhoe to be used for Township road maintenance. There is no interest assessed on the credit obligation with John Deere Credit.

Amortization of the above debt, including interest, is scheduled as follows:

	Lease	General Credit
Year ending December 31:	Purchase	Obligation
2003	\$14,353	\$19,760

6. RETIREMENT SYSTEMS

A. Ohio Public Employees Retirement System

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

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

B. Social Security System

Certified volunteer Fire Fighters not otherwise covered by the Ohio Public Employees Retirement System (OPERS) of Ohio have an option to choose Social Security. Social Security participants contributed 6.2 percent of their gross salaries, and the Township contributed an amount equal to 6.2 percent of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Risk Pool Membership

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).

**YORK TOWNSHIP
FULTON COUNTY**

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

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

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

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

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	2001	2000
Assets	\$23,703,776	\$22,684,383
Liabilities	9,379,003	8,924,977
Retained Earnings	\$14,324,773	\$13,759,406
<u>Property Coverage</u>	2001	2000
Assets	\$5,011,131	\$4,156,784
Liabilities	647,667	497,831
Retained Earnings	\$4,363,464	\$3,658,953



**Auditor of State
Betty Montgomery**

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

York Township
Fulton County
618 Northwood Drive
Delta, Ohio 43515-1061

To the Board of Trustees:

We have audited the accompanying financial statements of York Township, Fulton County, (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 21, 2003. We conducted our audits 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audits, 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 internal controls over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 21, 2003.

York Township
Fulton County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

May 21, 2003



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

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YORK TOWNSHIP

FULTON 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
JULY 1, 2003**