
**STOKES TOWNSHIP
MADISON COUNTY**

**REGULAR AUDIT
YEARS ENDED DECEMBER 31, 2004 & 2003**

Whited Seigneur Sams & Rabe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**** WSSR ****

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**Auditor of State
Betty Montgomery**

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

We have reviewed the *Report of Independent Auditor* of Stokes Township, Madison County, prepared by Whited Seigneur Sams & Rahe, LLP, for the audit period January 1, 2003 to December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Stokes Township, Madison County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 19, 2005

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**STOKES TOWNSHIP
MADISON COUNTY, OHIO**

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July 28, 2005

Stokes Township
Madison County
14565 Moon Road
South Salem, OH 43153-9702

Report of Independent Auditor

We have audited the accompanying financial statements of Stokes Township, Madison County, Ohio (the Township) as of and for the years ended December 31, 2004 and 2003. 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of the State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004 and 2003, or its changes in financial position for the year ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Stokes Township, Madison County as of December 31, 2004 and 2003 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 a report dated July 28, 2005, 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. That report describes the scope of our testing of internal controls over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of audits performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**STOKES TOWNSHIP
MADISON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

**Memorandum
Only**

CASH RECEIPTS	General	Special Revenue	Total
Local Taxes	\$ 11,641	\$ 17,444	\$ 29,085
Intergovernmental Receipts	58,275	70,653	128,928
Charges for Services	0	1,965	1,965
Licenses, Permits and Fees	0	5,632	5,632
Interest	568	1,102	1,670
Other Revenue	<u>0</u>	<u>500</u>	<u>500</u>
TOTAL CASH RECEIPTS	70,484	97,296	167,780
CASH DISBURSEMENTS			
Current:			
General Government	47,385	0	47,385
Public Safety	0	12,698	12,698
Public Works	2,308	98,141	100,449
Health	18,547	5,880	24,427
Capital Outlay	<u>500</u>	<u>8,334</u>	<u>8,834</u>
TOTAL CASH DISBURSEMENTS	<u>68,740</u>	<u>125,053</u>	<u>193,793</u>
TOTAL CASH RECEIPTS OVER/ (UNDER) DISBURSEMENTS	1,744	(27,757)	(26,013)
Fund Cash Balances, January 1, 2004	<u>42,849</u>	<u>86,014</u>	<u>128,863</u>
Fund Cash Balances, December 31, 2004	<u><u>\$ 44,593</u></u>	<u><u>\$ 58,257</u></u>	<u><u>\$ 102,850</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**STOKES TOWNSHIP
MADISON COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGE IN CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Nonexpendable Trust
OPERATING CASH RECEIPTS	
Interest	<u>\$ 47</u>
TOTAL OPERATING CASH RECEIPTS	47
OPERATING CASH DISBURSEMENTS	
Purchased Services	<u>44</u>
TOTAL OPERATING CASH DISBURSEMENTS	<u>44</u>
EXCESS OF OPERATING RECEIPTS OVER/ (UNDER) OPERATING DISBURSEMENTS	3
Fund Cash Balance, January 1, 2004	<u>2,379</u>
Fund Cash Balance, December 31, 2004	<u><u>\$ 2,382</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**STOKES TOWNSHIP
MADISON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

			<u>Memorandum Only</u>
CASH RECEIPTS	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Local Taxes	\$ 11,718	\$ 15,878	\$ 27,596
Intergovernmental Receipts	63,723	105,183	168,906
Charges for Services	0	1,964	1,964
Licenses, Permits and Fees	0	4,422	4,422
Interest	2,166	1,368	3,534
Other Revenue	<u>0</u>	<u>959</u>	<u>959</u>
TOTAL CASH RECEIPTS	77,607	129,774	207,381
CASH DISBURSEMENTS			
Current:			
General Government	43,732	0	43,732
Public Safety	0	17,962	17,962
Public Works	2,426	97,293	99,719
Health	12,866	4,274	17,140
Capital Outlay	<u>0</u>	<u>40,510</u>	<u>40,510</u>
TOTAL CASH DISBURSEMENTS	<u>59,024</u>	<u>160,039</u>	<u>219,063</u>
TOTAL CASH RECEIPTS OVER/ (UNDER) DISBURSEMENTS	18,583	(30,265)	(11,682)
OTHER FINANCING RECEIPTS/(DISBURSEMENTS)			
Sale of Fixed Assets	<u>1,150</u>	<u>0</u>	<u>1,150</u>
TOTAL OTHER FINANCING RECEIPTS/ (DISBURSEMENTS)	<u>1,150</u>	<u>0</u>	<u>1,150</u>
EXCESS OF CASH RECEIPTS AND OTHER FINANCING RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS AND OTHER FINANCING DISBURSEMENTS	19,733	(30,265)	(10,532)
Fund Cash Balances, January 1, 2003	<u>23,116</u>	<u>116,279</u>	<u>139,395</u>
Fund Cash Balances, December 31, 2003	<u>\$ 42,849</u>	<u>\$ 86,014</u>	<u>\$ 128,863</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**STOKES TOWNSHIP
MADISON COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGE IN CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Nonexpendable Trust
OPERATING CASH RECEIPTS	
Interest	<u>\$ 87</u>
TOTAL OPERATING CASH RECEIPTS	87
OPERATING CASH DISBURSEMENTS	
Supplies & Materials	<u>75</u>
TOTAL OPERATING CASH DISBURSEMENTS	<u>75</u>
EXCESS OF OPERATING RECEIPTS OVER/ (UNDER) OPERATING DISBURSEMENTS	12
Fund Cash Balance, January 1, 2003	<u>2,367</u>
Fund Cash Balance, December 31, 2003	<u><u>\$ 2,379</u></u>

**STOKES TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Description of the Entity**

Stokes Township, Madison 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 provides general governmental services including road and bridge maintenance and cemetery maintenance.

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

- **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.

- **Cash and Investments**

Certificates of deposit are valued at cost.

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.

- **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:

- **General Fund** - The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** - These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

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

**STOKES TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Fund Accounting (Continued)**

- **Fiduciary Fund (Trust and Agency Fund)** - This fund is 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 fiduciary fund:

Cemetery Bequest Fund - This is a non-expendable trust fund for the perpetual care of cemetery graves.

- **Budgetary Process**

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

- **Appropriations** - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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.
- **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.
- **Encumbrances** - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over and need not be re-appropriated in the subsequent year.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

- **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.

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 at December 31 was as follows:

	2004	2003
Demand deposits	\$ 103,232	\$ 129,242
Total Deposits	103,232	129,242
 Certificates of Deposit	 2,000	 2,000
Total Investments	2,000	2,000
Total Deposits and Investments	\$ 105,232	\$ 131,242

**STOKES TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 were as follows:

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 58,574	\$ 70,484	\$ 11,910
Special Revenue	94,395	97,296	2,901
Non-Expendable Trust	<u>80</u>	<u>47</u>	<u>(33)</u>
TOTAL	<u>\$ 153,049</u>	<u>\$ 167,827</u>	<u>\$ 14,778</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 92,210	\$ 68,740	\$ 23,470
Special Revenue	164,039	125,053	38,986
Non-Expendable Trust	<u>120</u>	<u>44</u>	<u>76</u>
TOTAL	<u>\$ 256,369</u>	<u>\$ 193,837</u>	<u>\$ 62,532</u>

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 44,460	\$ 78,757	\$ 34,297
Special Revenue	122,769	129,774	7,005
Non-Expendable Trust	<u>60</u>	<u>87</u>	<u>27</u>
TOTAL	<u>\$ 167,289</u>	<u>\$ 208,618</u>	<u>\$ 41,329</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 65,501	\$ 59,024	\$ 6,477
Special Revenue	186,723	160,039	26,684
Non-Expendable Trust	<u>120</u>	<u>75</u>	<u>45</u>
TOTAL	<u>\$ 252,344</u>	<u>\$ 219,138</u>	<u>\$ 33,206</u>

**STOKES TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

4. PROPERTY TAX

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

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

The Township is a member of the Ohio Government Risk Management Plan. This plan assumes the risk of loss up to the limits of the Township's policy. Coverage is subject to deductibles and scheduled property. The following risks are covered by the Plan:

- General liability and casualty
- Public official's liability
- Property
- Vehicle

The Township also provides health, vision, dental and life insurance coverage to the elected officials through a private carrier.

Whited Seigneur Sams & Rahe LLP

CERTIFIED PUBLIC ACCOUNTANTS

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July 28, 2005

Stokes Township
Madison County
14565 Moon Road
South Solon, OH 43153-9702

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

We have audited the accompanying financial statements of Stokes Township, Madison County, Ohio (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 28, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

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 caused by error or fraud 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 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 July 28, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 28, 2005.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**STOKES TOWNSHIP
MADISON COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS**

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

No Findings.

**STOKES TOWNSHIP
MADISON COUNTY, OHIO
STATUS OF PRIOR AUDIT FINDINGS**

There were no prior audit findings.



**Auditor of State
Betty Montgomery**

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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
SEPTEMBER 29, 2005**