



Dave Yost • Auditor of State

**STOKES TOWNSHIP
LOGAN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Stokes Township
Logan County
275 S. Oak Street
P.O. Box 82
Lakeview, Ohio 43331

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stokes Township, Logan County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Stokes Township, Logan County, Ohio, as of December 31, 2014 and 2013, and the respective changes in modified cash financial position and the budgetary comparisons for the General, Gasoline Tax, Road and Bridge, Central Fire funds, and as of December 31, 2014 for the budgetary comparison for the Public Works Project Fund for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to the Management's Discussion & Analysis presented on pages 3-8 and 29-34 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015, 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 internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 19, 2015

**STOKES TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**

This discussion and analysis of Stokes Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2014, within the limitations of the Township's modified 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 2014 are as follows:

- Net position of governmental activities increased \$234,404, or 9.4 percent, an increase from 2013. The funds most affected by the increase in cash were the General Fund, Gasoline Fund and the Road and Bridge Fund. These increases in cash were a result of increased receipts for estate taxes in the General Fund and controlled expenditures in the Gasoline and Road and Bridge Funds.
- The Township's general receipts are primarily property taxes. These receipts represent 43.4 percent of the total cash received for governmental activities during the year. Property tax receipts for 2014 increased compared to 2013 by 5.5 percent.
- A significant expense for the township every year is health insurance. In 2009, the Township approved a change to a high deductible health plan and also enacted a Health Reimbursement Arrangement (HRA). These changes were maintained in 2014 to help maintain the cost of health insurance without the Township seeing any major increases in this type of expense.
- Another significant expense for the township is for the Township's share of costs of the Logan County Health District. The Health District attempted several times to levy these funds from the local taxpayers but all attempts resulted unfavorably. Therefore per O.R.C., this funding issue now becomes a burden on the local governments resulting in \$74,380 being expensed in 2014.
- There were road projects completed within the Township during 2014 that resulted in \$196,343 being expended to prepare, asphalt and chip/seal nine township roads. Part of the expense for these repairs was offset by the Ohio Public Works Grant (OPWC – Issue II) of \$89,890 and Logan County Sales Tax revenue of \$60,025.

Using the Basic Financial Statements

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

Report Components

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

**STOKES TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

The notes to the financial statements are an integral part of the government-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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

Reporting the Township as a Whole

The statement of net position and the statement of activities reflect how the Township did financially during 2014, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational 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 modified 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 nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, 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.

In the statement of net position and the statement of activities, the Township reports Governmental Activities:

Governmental activities. All of the Township's basic services are reported here. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**STOKES TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

Reporting the Township'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 funds of the Township are reported as governmental funds.

Governmental Funds - All of 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. 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, Central Fire Fund and Public Works Projects Fund. The programs reported in 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 position for 2014 compared to 2013 on a modified cash basis:

**(Table 1)
Net Position**

	Governmental Activities	
	2014	2013
Assets:		
Cash and Cash Equivalents	\$2,520,567	\$2,286,163
Investments	200,000	200,000
Total Position	\$2,720,567	\$2,486,163
Net Assets:		
Restricted for:		
Other Purposes	1,641,223	1,441,897
Unrestricted	1,079,344	1,044,266
Total Net Position	\$2,720,567	\$2,486,163

As mentioned previously, net position of governmental activities increased \$234,404 or 9.4 percent during 2014. The primary reasons contributing to the increases in cash balances are as follows:

- General Fund unanticipated Estate tax receipts of \$92,307.
- Continued cost control in the Road and Bridge Fund by crack filling and chip and sealing township roads instead of all asphalt in order to preserve the life of the road for as long as possible. This effort contributed \$146,304 to be retained for future road repair.

**STOKES TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

Table 2 reflects the changes in net position on a modified cash basis in 2014 and 2013 for governmental activities.

**(Table 2)
Changes in Net Position**

	Governmental Activities	
	2014	2013
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$43,938	\$44,755
Operating Grants and Contributions	159,385	158,370
Capital Grants and Contributions	149,915	45,317
Total Program Receipts	<u>353,238</u>	<u>248,442</u>
General Receipts:		
Property and Other Local Taxes	410,914	389,653
Grants and Entitlements Not Restricted to Specific Programs	140,197	295,735
Sale of Fixed Assets		
Cable Franchise Fees	40,385	40,836
Interest	504	484
Miscellaneous	1,004	3,142
Total General Receipts	<u>593,004</u>	<u>729,850</u>
Total Receipts	<u>946,242</u>	<u>978,292</u>
Disbursements:		
General Government	184,750	183,377
Public Safety	163,616	157,784
Public Works	136,208	133,010
Health	74,380	74,875
Other		300
Capital Outlay	152,884	46,233
Total Disbursements	<u>711,838</u>	<u>595,579</u>
Increase (Decrease) in Net Position	234,404	382,713
Net Position, January 1, 2013	<u>2,486,163</u>	<u>2,103,450</u>
Net Position, December 31, 2013	<u>\$2,720,567</u>	<u>\$2,486,163</u>

Program receipts represent only 37.3 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 62.7 percent of the Township's total receipts, and of this amount, 69.3 percent of the Township's total general receipts are local taxes. State and federal grants and entitlements, cable franchise fees, interest and miscellaneous revenues make up the balance of the Township's general receipts and represent 19.2 percent of the total receipts.

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 payroll costs of the Trustees and Fiscal Officer. Since these costs do not represent direct services to residents, the Township tries to limit these costs to 30 percent of general receipts.

**STOKES TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

Public Safety are the costs of police and fire protection; Public Works are the cost of repairing and maintaining township roads; Health are the costs allocated for the local Health Department; and Capital Outlay are the costs for projects funded by the Road and Bridge Fund and the Logan County Sales Tax Road and Bridge Improvement Levy.

Governmental Activities

If you look at the Statement of Activities – Modified Cash Basis, 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 General Government, Public Safety, Public Works, and Capital Outlay, which account for 25.1, 23.0, 19.9, and 21.5 percent of all governmental disbursements, respectively. The next three columns 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 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 primarily 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 3.

**(Table 3)
Governmental Activities**

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
General Government	\$184,750	(\$177,918)	\$183,377	(\$172,460)
Public Safety	163,616	(139,091)	157,784	(133,088)
Public Works	136,208	185,673	133,010	79,819
Health	74,380	(74,380)	74,875	(74,875)
Other			300	(300)
Capital Outlay	152,884	(152,884)	46,234	(46,233)
Total Expenses	<u>\$711,838</u>	<u>(\$358,600)</u>	<u>\$595,580</u>	<u>(\$347,137)</u>

The dependence upon property tax receipts is apparent as over 50.3 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$946,242 and disbursements of \$711,838. The greatest change within governmental funds occurred within the Road and Bridge Fund. The fund balance of the Road and Bridge Fund increased \$146,304 as a result of an increase in property tax receipts of \$13,244 from 2013 and planned decreased disbursements. Road and Bridge Fund receipts were more than disbursements by \$146,304, indicating that this fund is not in a deficit spending situation for 2014. The Road and Bridge Fund's decreased disbursements helped offset the entire cost of the Health District expenses of \$60,619.

Another significant change within the governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$35,078 as a result of estate taxes of \$92,307. General Fund receipts were more than disbursements by \$35,078 indicating that the fund is not in a deficit spending situation for 2014. With this unanticipated estate tax receipt, this helped to offset the cost of Health District expenses of \$13,761.

**STOKES TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is 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 2014, the Township amended its General Fund estimated receipts several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to receipts for estate taxes. The difference between final budgeted receipts of \$262,677 and actual receipts of \$262,713 for the General Fund was \$36.

Final disbursements of the General Fund were budgeted at \$598,147 while actual disbursements were \$227,666. The result is an increase in fund balance of \$35,047 for 2014.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2014, the Township had no outstanding debt.

Current Issues

The challenge for all Governments including Township's is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Township relies heavily on local taxes and has very little industry to support the tax base. The Township reviewed the sources of revenue and determined that major increases were unlikely and that receipts for estate taxes will remain unplanned. Then the Township reviewed the disbursement history. The Township will continue to be burdened with an allocation for health department expenses until a levy is passed. The Township has planned to limit the expenses of each fund to the amount of budgeted revenue to reduce the affect of a continued reduction in fund balances for all accounts.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors 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 Joan M. Shouse, Fiscal Officer, Stokes Township, 275 S. Oak St., P.O. Box 82, Lakeview, Ohio 43331.

STOKES TOWNSHIP
LOGAN COUNTY

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2014

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$2,520,567
Investments	200,000
Total Assets	<u>2,720,567</u>
Net Position:	
Restricted for:	
Other Purposes	1,641,223
Unrestricted	<u>1,079,344</u>
Total Net Position	<u>\$2,720,567</u>

See accompanying notes to the basic financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Cash Receipts</u>				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$184,750	\$6,832			(\$177,918)
Public Safety	163,616		\$24,525		(139,091)
Public Works	136,208	37,106	134,860	\$149,915	185,673
Health	74,380				(74,380)
Capital Outlay	152,884				(152,884)
Total Governmental Activities	<u>\$711,838</u>	<u>\$43,938</u>	<u>\$159,385</u>	<u>\$149,915</u>	<u>(358,600)</u>
General Receipts:					
Property Taxes					410,914
Grants and Entitlements not Restricted to Specific Purposes					140,197
Cable Franchise Fees					40,385
Earnings on Investments					504
Miscellaneous					1,004
Total General Receipts					<u>593,004</u>
Change in Net Position					234,404
Net Position Beginning of Year					<u>2,486,163</u>
Net Position End of Year					<u>\$2,720,567</u>

See accompanying notes to the financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	General	Gasoline Tax	Road & Bridge	Central Fire	Public Works Projects	Other Governmental Funds	Total Governmental Funds
Assets:							
Equity in Pooled Cash and Cash Equivalents	\$879,344	\$356,363	\$1,007,583	\$43,811		\$233,466	\$2,520,567
Investments	200,000						200,000
Total Assets	<u>1,079,344</u>	<u>356,363</u>	<u>1,007,583</u>	<u>43,811</u>		<u>233,466</u>	<u>2,720,567</u>
Fund Balances:							
Non-spendable							
Restricted		356,363	1,007,583	43,811		233,466	1,641,223
Committed							
Assigned	451,136						451,136
Unassigned	628,208						628,208
Total Fund Cash Balances, December 31	<u>\$1,079,344</u>	<u>\$356,363</u>	<u>\$1,007,583</u>	<u>\$43,811</u>	<u>\$0</u>	<u>\$233,466</u>	<u>\$2,720,567</u>

See accompanying notes to the financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road & Bridge</u>	<u>Central Fire</u>	<u>Public Works Projects</u>	<u>Other Govt Funds</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:							
Property and Other Local Taxes	\$65,494		\$228,301	\$116,152		\$967	\$410,914
Licenses, Permits, and Fees	47,217						47,217
Intergovernmental	149,423	\$87,415	29,923	15,192	\$89,890	77,605	449,448
Special Assessments						37,106	37,106
Earnings on Investments	504	34				15	553
Miscellaneous	75		929				1,004
Total Cash Receipts	<u>262,713</u>	<u>87,449</u>	<u>259,153</u>	<u>131,344</u>	<u>89,890</u>	<u>115,693</u>	<u>946,242</u>
Cash Disbursements:							
Current:							
General Government	175,982		5,744	2,921		102	184,749
Public Safety	37,716			125,000		900	163,616
Public Works	176	63,293	46,486			26,254	136,209
Health	13,761		60,619				74,380
Capital Outlay					89,890	62,994	152,884
Total Cash Disbursements	<u>227,635</u>	<u>63,293</u>	<u>112,849</u>	<u>127,921</u>	<u>89,890</u>	<u>90,250</u>	<u>711,838</u>
Total Receipts Over Disbursements	35,078	24,156	146,304	3,423		25,443	234,404
Net Change in Fund Balances	35,078	24,156	146,304	3,423		25,443	234,404
Fund Cash Balances, January 1	<u>1,044,266</u>	<u>332,207</u>	<u>861,279</u>	<u>40,388</u>		<u>208,023</u>	<u>2,486,163</u>
Fund Cash Balances, December 31	<u>\$1,079,344</u>	<u>\$356,363</u>	<u>\$1,007,583</u>	<u>\$43,811</u>	<u>\$0</u>	<u>\$233,466</u>	<u>\$2,720,567</u>

See accompanying notes to the financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$59,900	\$65,490	\$65,494	\$4
Licenses, Permits, and Fees	50,000	47,215	47,217	2
Intergovernmental	53,966	149,412	149,423	11
Earnings on investments	460	485	504	19
Miscellaneous		75	75	
Total Receipts	<u>164,326</u>	<u>262,677</u>	<u>262,713</u>	<u>36</u>
Disbursements:				
Current:				
General Government	336,921	336,921	176,013	160,908
Public Safety	72,226	72,226	37,716	34,510
Public Works	63,000	63,000	176	62,824
Health	46,000	46,000	13,761	32,239
Capital Outlay	80,000	80,000		80,000
Total Disbursements	<u>598,147</u>	<u>598,147</u>	<u>227,666</u>	<u>370,481</u>
Total Receipts Over/(Under) Disbursements	<u>(433,821)</u>	<u>(335,470)</u>	<u>35,047</u>	<u>370,517</u>
Other Financing (Uses):				
Other Financing Uses	<u>(3,000)</u>	<u>(3,000)</u>		<u>3,000</u>
Total Other Financing Sources (Uses)	<u>(3,000)</u>	<u>(3,000)</u>		<u>3,000</u>
Net Change in Fund Balance	(436,821)	(338,470)	35,047	373,517
Fund Balance, January 1	1,044,205	1,044,205	1,044,205	
Prior Year Encumbrances Appropriated	<u>61</u>	<u>61</u>	<u>61</u>	
Fund Balance, December 31	<u>\$607,445</u>	<u>\$705,796</u>	<u>\$1,079,313</u>	<u>\$373,517</u>

See accompanying notes to the financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$85,000	\$87,410	\$87,415	\$5
Earnings on investments	30	31	34	3
Total Receipts	<u>85,030</u>	<u>87,441</u>	<u>87,449</u>	<u>8</u>
Cash Disbursements:				
Current:				
Public Works	190,000	190,000	63,293	126,707
Capital Outlay	125,000	125,000	11,969	113,031
Total Disbursements	<u>315,000</u>	<u>315,000</u>	<u>75,262</u>	<u>239,738</u>
Total Receipts Over/(Under) Disbursements	<u>(229,970)</u>	<u>(227,559)</u>	<u>12,187</u>	<u>239,746</u>
Fund Balance, January 1	<u>332,207</u>	<u>332,207</u>	<u>332,207</u>	
Fund Balance, December 31	<u><u>\$102,237</u></u>	<u><u>\$104,648</u></u>	<u><u>\$344,394</u></u>	<u><u>\$239,746</u></u>

See accompanying notes to the financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Receipts:				
Property and Other Local Taxes	\$206,500	\$228,295	\$228,301	\$6
Intergovernmental	29,500	29,920	29,923	3
Miscellaneous		925	929	4
Total receipts	<u>236,000</u>	<u>259,140</u>	<u>259,153</u>	<u>13</u>
Disbursements:				
Current:				
Public Works	390,000	390,000	60,830	329,170
Health	100,000	100,000	60,619	39,381
Capital Outlay	150,000	150,000	80,762	69,238
Total cash disbursements	<u>640,000</u>	<u>640,000</u>	<u>202,211</u>	<u>437,789</u>
Total Receipts Over/(Under) Disbursements	<u>(404,000)</u>	<u>(380,860)</u>	<u>56,942</u>	<u>437,802</u>
Fund Balance, January 1	<u>861,279</u>	<u>861,279</u>	<u>861,279</u>	
Fund Balance, December 31	<u><u>\$457,279</u></u>	<u><u>\$480,419</u></u>	<u><u>\$918,221</u></u>	<u><u>\$437,802</u></u>

See accompanying notes to the financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
CENTRAL FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$110,000	\$116,145	\$116,152	\$7
Intergovernmental	10,000	15,190	15,192	2
Total receipts	<u>120,000</u>	<u>131,335</u>	<u>131,344</u>	<u>9</u>
Disbursements:				
Current:				
General Government	5,000	5,000	2,921	2,079
Public Safety	140,000	140,000	125,000	15,000
Total Disbursements	<u>145,000</u>	<u>145,000</u>	<u>127,921</u>	<u>17,079</u>
Total Receipts Over/(Under) Disbursements	<u>(25,000)</u>	<u>(13,665)</u>	<u>3,423</u>	<u>17,088</u>
Fund Balance, January 1	<u>40,388</u>	<u>40,388</u>	<u>40,388</u>	
Fund Balance, December 31	<u><u>\$15,388</u></u>	<u><u>\$26,723</u></u>	<u><u>\$43,811</u></u>	<u><u>\$17,088</u></u>

See accompanying notes to the financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

1. REPORTING ENTITY

Stokes Township, Logan County, Ohio (the Township), is a body politic and corporate established in 1838 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 cemetery maintenance. The Township contracts with the Villages of Lakeview and Jackson Center to provide fire protection. Police protection services are contracted with the Logan County Sheriff's Department. The Township is a member of the Indian Lake EMS Joint Ambulance District which provides emergency medical services to the Township. The relationship is further discussed in Note 10.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township. The Township does not have any component units.

C. Public Entity Risk Pools

The Township participates in a jointly governed organization and a public entity risk pool. Notes 6 and 10 to the financial statements provides additional information for these entities. These organizations are described as follows:

1. Jointly Governed Organization:

Indian Lake EMS Ambulance provides emergency medical services to local governments.

2. Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members.

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

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position 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 position 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 non-exchange transactions.

The statement of net position 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 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major 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 funds of the Township are governmental funds.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General, Gasoline Tax, Road and Bridge, Central Fire, and Public Works Projects.

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported 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.

Gasoline Tax Fund - The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund - The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of roads within the Township.

Central Fire Fund - The central fire fund accounts for and reports property taxes levied (outside millage) restricted to provide fire protection for the properties within the Township (excluding the Southwest area).

Public Works Projects – The public works fund accounts for and reports Ohio Public Works Commission money restricted for maintenance and repair of roads within the Township.

The other governmental funds of the Township account for grants and other resources whose use is restricted and committed to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified 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 or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All 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.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function/department, and object level for all funds. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

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 the original budgeted amounts on the budgetary statements 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 certificated 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 appropriation amounts passed by the Township during the year.

E. Cash and Investments

Township records identify the purchase of specific investments by 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". Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts, respectively. During 2014, the Township invested in an interest bearing checking account, and nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes or grant requirements. Interest receipts credited to the General Fund during 2014 was \$504 which includes \$252 earned on the balances of other funds.

F. Inventory and Prepaid Items

The Township reports disbursements 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.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. There were no interfund repayment transactions during 2014. There are no other outstanding interfund loans.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's *modified* cash basis of accounting. There were no unused leave payments for 2014.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

K. Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid and reflected as capital outlay expenditures on the financial statements. The Township did not have outstanding debt or lease obligations.

L. Net Position

Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for roads, fire services and street lighting. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable forms" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purpose imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State statute.

Unassigned - Un-assigned fund balance is the residual classification for the general fund and includes amounts not contained in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

3. 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 (Budget Basis) presented for the General, Gasoline Tax, Road and Bridge, and Central Fire funds 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 *modified* cash basis are outstanding year end encumbrances are treated as disbursements (budget basis) rather than as restricted, committed or assigned fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$30.91 for the General Fund, \$11,968.60 for the Gasoline Tax Fund and \$89,362.00 for the Road and Bridge Fund.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

4. DEPOSITS AND INVESTMENTS

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

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active 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 Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of 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.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had no un-deposited cash on hand.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,489,138 of the Township's bank balance of \$2,739,138 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not specifically in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

5. PROPERTY TAXES

Property taxes include amounts levied against all real property and public utility property located in the Township. Real property tax revenue received in 2014 for real and public utility property taxes represents the collection of 2013 taxes.

Real property taxes received in 2014 were levied after October 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first 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 personal property currently is assessed at varying percentages of true value; public real property is assessed at 35 percent of true value. Public utility property taxes received in 2014 became a lien on December 31, 2013, were levied after October 1, 2013, and are collected with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2014, was 1.9 mills or \$1.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2014 property tax receipts were based are as follows:

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

5. PROPERTY TAXES (CONTINUED)

Real Property:	
Residential	\$144,788,100
Agricultural	\$16,835,370
Commercial/Industrial/Mineral	\$12,532,080
Public Utility Property:	
Public Utility	\$4,334,600
Total Assessed Value	\$178,490,150

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2014, the Township contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Ohio Township Association Risk Mgmt. Authority (OTARMA)	Real and Personal Property	\$478,648
	Legal Liability – Third Party Claims	\$3,000,000
	Wrongful Acts (public official) Liability	\$3,000,000
	Law Enforcement Liability	\$3,000,000
	Automobile Liability & Physical Damage	\$3,000,000
	Equipment Breakdown	\$280,200
	Miscellaneous Property (Inland Marine)	\$184,448
	Electronic Data Processing Equipment	\$156,000
	Dishonesty	\$5,000
	Bonds	\$5,000
Traveler's Casualty and Surety Co. of America	Public Officials Bond	\$160,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

7. PENSION PLAN

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). 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 is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2014 member contribution rates were 10.00% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 12.00% and 13.00%, respectively.

The 2014 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll.

The Township's contribution rate for pension benefits for members in the traditional plan and combined plan for 2014 was 12.00%. The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013, and 2012 were \$12,065, \$12,754, and \$9,264, respectively. The full amount has been contributed for 2014, 2013 and 2012.

8. POST-EMPLOYMENT BENEFITS

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 is a defined contribution plan. The Combined Plan is a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care 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. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2014, 2013, and 2012 were \$2,011, \$981, \$3,705, respectively. 100% has been contributed for 2014, 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0% of the employer contributions toward the health care fund after the end of the transition period.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

9. FUND BALANCES

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Gasoline Tax</u>	<u>Road & Bridge</u>	<u>Central Fire</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for:						
Road and Bridge		\$356,363	\$1,007,583		\$153,912	\$1,517,858
Fire Protection				\$43,811	586	44,397
Lighting					77,216	77,216
Noxious Weeds/Other					1,752	1,752
Total Restricted		<u>356,363</u>	<u>1,007,583</u>	<u>43,811</u>	<u>233,466</u>	<u>1,641,223</u>
Committed to						
Assigned to:						
Electric/Trash	\$31					31
Subsequent Year Budget Deficit	451,105					451,105
Total Assigned	<u>451,136</u>					<u>451,136</u>
Unassigned (Deficit)	628,208					628,208
Total Fund Balances	<u>\$1,079,344</u>	<u>\$356,363</u>	<u>\$1,007,583</u>	<u>\$43,811</u>	<u>\$233,466</u>	<u>\$2,720,567</u>

10. JOINTLY GOVERNED ORGANIZATIONS

The Indian Lake EMS Joint Ambulance District, Logan County, 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 District is directed by an appointed four-member Board of Trustees who are from the participating subdivisions, Stokes Township, Washington Township, the Village of Lakeview, and the Village of Russells Point. The District provides emergency medical and ambulance services to the citizens within the District. Financial information can be obtained from Joanna Pittenger, Indian Lake EMS Joint Ambulance District, 301 N. Oak St., P.O. Box 6, Lakeview, Ohio 43331.

11. SUBSEQUENT EVENTS

In 2015, the Township received and paid for a 2014 Ford 550 Truck and dump body. This 2014 approved equipment purchase resulted in a cash reduction of \$80,762 from the Road and Bridge fund. In 2015, the Township received and paid for a John Deere 4700 Compact Utility Tractor and MX6 rotary cutter. This 2014 approved equipment purchase resulted in a cash reduction of \$11,922.04 from the Gasoline Tax fund.

These cash reduction amounts are not reflected in the Fund Balances statement in Note 9.

**STOKES TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

This discussion and analysis of Stokes Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2013, within the limitations of the Township's modified 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 2013 are as follows:

- Net position of governmental activities increased \$382,713, or 18.2 percent, an increase from 2012. The funds most affected by the increase in cash were the General Fund and the Road and Bridge Fund. These increases in cash were a result of increased receipts for estate taxes in the General Fund and a decrease in expenditures in the Road and Bridge Fund.
- The Township's general receipts are primarily property taxes. These receipts represent 39.8 percent of the total cash received for governmental activities during the year. Property tax receipts for 2013 decreased compared to 2012 by 1.03 percent.
- A significant expense for the township every year is health insurance. In 2009, the Township approved a change to a high deductible health plan and also enacted a Health Reimbursement Arrangement (HRA). These changes were maintained in 2013 to help maintain the cost of health insurance without the Township seeing any major increases in this type of expense.
- Another significant expense for the township is for the Township's share of costs of the Logan County Health District. The Health District attempted several times to levy these funds from the local taxpayers but all attempts resulted unfavorably. Therefore per O.R.C., this funding issue now becomes a burden on the local governments resulting in \$74,875 being expensed in 2013. This expense is allocated to the General and Road and Bridge Funds.
- There were road projects completed within the Township during 2013. These projects resulted in \$72,981 being expensed to prepare and chip/seal three township roads.

Using the Basic Financial Statements

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

Report Components

The statement of net position 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 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 government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 Township as a Whole

The statement of net position and the statement of activities reflect how the Township did financially during 2013, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational 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 modified 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 nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, 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.

In the statement of net position and the statement of activities, the Township reports Governmental Activities:

Governmental activities. All of the Township's basic services are reported here. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township'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 funds of the Township are reported as governmental funds.

**STOKES TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Governmental Funds – All of 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. 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 Central Fire funds. The programs reported in 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 position for 2013 compared to 2012 on a modified cash basis:

**(Table 1)
Net Position**

	Governmental Activities 2013	Governmental Activities 2012
Assets:		
Cash and Cash Equivalents	\$2,286,163	\$1,903,450
Investments	200,000	200,000
Total Assets	\$2,486,163	\$2,103,450
Net Position:		
Restricted for:		
Other Purposes	1,441,897	1,242,941
Unrestricted	1,044,266	860,509
Total Net Position	\$2,486,163	\$2,103,450

As mentioned previously, net position of governmental activities increased \$382,712 or 18.2 percent during 2013. The primary reasons contributing to the increases in cash balances are as follows:

- General Fund unanticipated Estate tax receipts of \$247,532.
- Reduction in Misc. Capital Projects expenses of \$43,141 from 2012.
- Reduction in Road and Bridge expenses of \$38,024 from 2012.
- Increase in Gasoline Fund receipts of \$5,346 from 2012.

**STOKES TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Table 2 reflects the changes in net position on a modified cash basis in 2013 and 2012 for governmental activities.

**(Table 2)
Changes in Net Position**

	Governmental Activities 2013	Governmental Activities 2012
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$44,755	\$38,786
Operating Grants and Contributions	158,370	155,390
Capital Grants and Contributions	45,317	88,458
Total Program Receipts	<u>248,442</u>	<u>282,634</u>
General Receipts:		
Property and Other Local Taxes	389,653	393,716
Grants and Entitlements Not Restricted to Specific Programs	295,735	523,981
Sale of Fixed Assets		
Cable Franchise Fees	40,836	39,846
Interest	484	715
Miscellaneous	3,142	421
Total General Receipts	<u>729,850</u>	<u>958,679</u>
Total Receipts	<u>978,292</u>	<u>1,241,313</u>
Disbursements:		
General Government	183,377	173,384
Public Safety	157,784	150,804
Public Works	133,010	123,102
Health	74,875	75,209
Other	300	
Capital Outlay	46,233	107,171
Total Disbursements	<u>595,579</u>	<u>629,670</u>
Increase (Decrease) in Net Position	382,713	611,643
Net Position, January 1, 2013	<u>2,103,450</u>	<u>1,491,808</u>
Net Position, December 31, 2013	<u><u>\$2,486,163</u></u>	<u><u>\$2,103,451</u></u>

Program receipts represent only 25.4 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 74.6 percent of the Township's total receipts, and of this amount, 53.4 percent of the Township's total general receipts are local taxes. State and federal grants and entitlements, cable franchise fees, interest and miscellaneous revenues make up the balance of the Township's general receipts and represent 34.8 percent of the total receipts.

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 payroll costs of the Trustees and Fiscal Officer. Since these costs do not represent direct services to residents, the Township tries to limit these costs to 30 percent of General Fund unrestricted receipts.

**STOKES TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Public Safety are the costs of police and fire protection; Public Works are the cost of repairing and maintaining township roads; Health are the costs allocated for the local Health Department; and Capital Outlay are the costs for projects funded by the Road and Bridge Fund and the Logan County Sales Tax Road and Bridge Improvement Levy.

Governmental Activities

If you look at the Statement of Activities – Modified Cash Basis, 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 General Government, Public Safety, and Public Works, which account for 29.9, 26.5, and 23.3 percent of all governmental disbursements, respectively. The next three columns 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 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 primarily 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 3.

**(Table 3)
Governmental Activities**

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
General Government	\$183,377	(\$172,460)	\$173,384	(\$166,555)
Public Safety	157,784	(133,088)	150,804	(126,280)
Public Works	133,010	79,819	123,102	128,104
Health	74,875	(74,875)	75,209	(75,209)
Other	300	(300)		
Capital Outlay	46,233	(46,233)	107,171	(107,171)
Total Expenses	\$595,579	(\$347,137)	\$629,670	(\$347,111)

The dependence upon property tax receipts is apparent as over 41.7 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$978,292 and disbursements of \$595,279. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$183,757 as a result of estate taxes of \$247,532. Another significant change within the governmental funds occurred within the Road and Bridge Fund. The fund balance of the Road and Bridge Fund increased \$154,771 as a result of planned decreases in spending for road maintenance.

General Fund receipts were more than disbursements by \$183,757 indicating that the fund is not in a deficit spending situation for 2013. With this unanticipated estate tax receipt, this helped to offset the entire cost of Health District expenses of \$17,557.

Road and Bridge Fund receipts were more than disbursements by \$154,771, indicating that this fund is not in a deficit spending situation for 2013. The Road and Bridge Fund's decreased disbursements helped offset the entire cost of the Health District expenses of \$57,318.

Central Fire Fund receipts were less than disbursements by \$1,085 indicating the fund is in a deficit spending situation for 2013. The decrease in property tax receipts of \$945 and the planned disbursement of \$125,000 contributed to the overall fund balance reduction.

**STOKES TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is 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 2013, the Township amended its General Fund budget receipts several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to receipts for estate taxes. The difference between final budgeted receipts of \$419,383 and actual receipts of \$419,424 for the General Fund was \$41.

Final disbursements of the General Fund were budgeted at \$571,486 while actual disbursements were \$235,428. The result is an increase in fund balance of \$183,996 for 2013.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2013, the Township had no outstanding debt.

Current Issues

The challenge for all Governments including Township's is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Township relies heavily on local taxes and has very little industry to support the tax base. The Township reviewed the sources of revenue and determined that major increases were unlikely and that receipts for estate taxes will remain unplanned. Then the Township reviewed the disbursement history. The Township has planned to limit the expenses of each fund to the amount of budgeted revenue to reduce the affect of a continued reduction in fund balances for all accounts.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors 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 Joan M. Shouse, Fiscal Officer, Stokes Township, 275 S. Oak St., P.O. Box 82, Lakeview, Ohio 43331.

STOKES TOWNSHIP
LOGAN COUNTY

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2013

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$2,286,163
Investments	200,000
Total Assets	<u>2,486,163</u>
Net Position	
Restricted for:	
Other Purposes	1,441,897
Unrestricted	1,044,266
Total Net Position	<u><u>\$2,486,163</u></u>

See accompanying notes to the basic financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>	
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
General Government	\$183,377	\$10,917			(\$172,460)
Public Safety	157,784	16	\$24,680		(133,088)
Public Works	133,010	33,822	133,690	\$45,317	79,819
Health	74,875				(74,875)
Other	300				(300)
Capital Outlay	46,233				(46,233)
Total Governmental Activities	<u>\$595,579</u>	<u>\$44,755</u>	<u>\$158,370</u>	<u>\$45,317</u>	<u>(347,137)</u>
General Receipts:					
Property Taxes					389,653
Grants and Entitlements not Restricted to Specific Purposes					295,735
Cable Franchise Fees					40,836
Earnings on Investments					484
Miscellaneous					3,142
Total General Receipts					<u>729,850</u>
Change in Net Position					382,713
Net Position Beginning of Year					<u>2,103,450</u>
Net Position End of Year					<u>\$2,486,163</u>

See accompanying notes to the financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road & Bridge</u>	<u>Central Fire</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$844,266	\$332,207	\$861,279	\$40,388	\$208,023	\$2,286,163
Investments	200,000					200,000
Total Assets	<u>1,044,266</u>	<u>332,207</u>	<u>861,279</u>	<u>40,388</u>	<u>208,023</u>	<u>2,486,163</u>
Fund Balances:						
Restricted		332,207	861,279	40,388	208,023	1,441,897
Assigned	338,531					338,531
Unassigned	705,735					705,735
Total Fund Balances	<u>\$1,044,266</u>	<u>\$332,207</u>	<u>\$861,279</u>	<u>\$40,388</u>	<u>\$208,023</u>	<u>\$2,486,163</u>

See accompanying notes to the basic financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN MODIFIED-CASH BASIS FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Gasoline Tax	Road & Bridge	Central Fire	Other Govt Funds	Totals (Memorandum Only)
Cash Receipts:						
Property and Other Local Taxes	\$62,211		\$215,057	\$111,416	\$969	\$389,653
Licenses, Permits, and Fees	51,753					51,753
Fines and Forfeitures	16					16
Intergovernmental	304,960	\$86,643	29,595	15,350	62,828	499,376
Special Assessments					33,822	33,822
Earnings on Investments	484	32			14	530
Miscellaneous		2,534	608			3,142
Total Cash Receipts	419,424	89,209	245,260	126,766	97,633	978,292
Cash Disbursements:						
Current:						
General Government	174,937		5,508	2,851	81	183,377
Public Safety	31,884			125,000	900	157,784
Public Works	10,073	59,198	27,663		36,076	133,010
Health	17,557		57,318			74,875
Capital Outlay	916				45,317	46,233
Total Cash Disbursements	235,367	59,198	90,489	127,851	82,374	595,279
Total Receipts Over/(Under) Disbursements	184,057	30,011	154,771	(1,085)	15,259	383,013
Other Financing (Uses):						
Other Financing Uses	(300)					(300)
Net Change in Fund Balances	183,757	30,011	154,771	(1,085)	15,259	382,713
Fund Cash Balances, January 1	860,509	302,196	706,508	41,473	192,764	2,103,450
Fund Cash Balances, December 31	<u>\$1,044,266</u>	<u>\$332,207</u>	<u>\$861,279</u>	<u>\$40,388</u>	<u>\$208,023</u>	<u>\$2,486,163</u>

See accompanying notes to the basic financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$61,000	\$62,211	\$62,211	
Licenses, Permits, and Fees	41,900	51,740	51,753	\$13
Fines and Forfeitures		16	16	
Intergovernmental	69,326	304,951	304,960	9
Earnings on Investments	700	465	484	19
Total Receipts	<u>172,926</u>	<u>419,383</u>	<u>419,424</u>	<u>41</u>
Disbursements:				
Current:				
General Government	319,760	319,760	174,998	144,762
Public Safety	68,226	68,226	31,884	36,342
Public Works	62,500	62,500	10,073	52,427
Health	46,000	46,000	17,557	28,443
Capital Outlay	75,000	75,000	916	74,084
Total Disbursements	<u>571,486</u>	<u>571,486</u>	<u>235,428</u>	<u>336,058</u>
Total Receipts Over/(Under) Disbursements	<u>(398,560)</u>	<u>(152,103)</u>	<u>183,996</u>	<u>336,099</u>
Other Financing (Uses):				
Other Financing Uses	<u>(3,000)</u>	<u>(3,000)</u>	<u>(300)</u>	<u>2,700</u>
Net Change in Fund Balance	<u>(401,560)</u>	<u>(155,103)</u>	<u>183,696</u>	<u>338,799</u>
Fund Balance, January 1	<u>860,509</u>	<u>860,509</u>	<u>860,509</u>	
Fund Balance, December 31	<u>\$458,949</u>	<u>\$705,406</u>	<u>\$1,044,205</u>	<u>\$338,799</u>

See accompanying notes to the basic financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Cash Receipts:				
Intergovernmental	\$83,500	\$83,500	\$86,643	\$3,143
Earnings on investments	\$60	\$28	\$32	4
Miscellaneous		2,530	2,534	4
Total Cash Receipts	<u>83,560</u>	<u>86,058</u>	<u>89,209</u>	<u>3,151</u>
Cash Disbursements:				
Current:				
Public Works	191,647	191,647	59,197	132,450
Capital Outlay	125,000	125,000		125,000
Total Cash Disbursements	<u>316,647</u>	<u>316,647</u>	<u>59,197</u>	<u>257,450</u>
Total Receipts Over/(Under) Disbursements	<u>(233,087)</u>	<u>(230,589)</u>	<u>30,012</u>	<u>260,601</u>
Fund Balance, January 1	300,548	300,548	300,548	
Unencumbered Fund Balance	<u>1,647</u>	<u>1,647</u>	<u>1,647</u>	
Fund Balance, December 31	<u>\$69,108</u>	<u>\$71,606</u>	<u>\$332,207</u>	<u>\$260,601</u>

See accompanying notes to the basic financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$212,500	\$215,030	\$215,057	\$27
Intergovernmental	22,500	29,500	29,595	95
Miscellaneous		600	608	8
Total Receipts	<u>235,000</u>	<u>245,130</u>	<u>245,260</u>	<u>130</u>
Disbursements:				
Current:				
Public Works	387,982	387,982	33,171	\$354,811
Health	100,000	100,000	57,318	42,682
Capital Outlay	150,000	150,000		150,000
Total Disbursements	<u>637,982</u>	<u>637,982</u>	<u>90,489</u>	<u>547,493</u>
Total Receipts Over/(Under) Disbursements	<u>(402,982)</u>	<u>(392,852)</u>	<u>154,771</u>	<u>547,623</u>
Net Change in Fund Balance	<u>(402,982)</u>	<u>(392,852)</u>	<u>154,771</u>	<u>547,623</u>
Fund Balance, January 1	703,526	703,526	703,526	
Unencumbered Fund Balance	<u>2,982</u>	<u>2,982</u>	<u>2,982</u>	
Fund Balance, December 31	<u><u>\$303,526</u></u>	<u><u>\$313,656</u></u>	<u><u>\$861,279</u></u>	<u><u>\$547,623</u></u>

See accompanying notes to the basic financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
CENTRAL FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$111,000	\$111,000	\$111,416	\$416
Intergovernmental	10,000	10,000	15,350	5,350
Total Receipts	<u>121,000</u>	<u>121,000</u>	<u>126,766</u>	<u>5,766</u>
Disbursements:				
Current:				
General Government	4,000	4,000	2,851	1,149
Public Safety	<u>150,000</u>	<u>150,000</u>	<u>125,000</u>	<u>25,000</u>
Total Disbursements	<u>154,000</u>	<u>154,000</u>	<u>127,851</u>	<u>26,149</u>
Total Receipts (Under) Disbursements	(33,000)	(33,000)	(1,085)	31,915
Fund Balance, January 1	<u>41,473</u>	<u>41,473</u>	<u>41,473</u>	
Fund Balance, December 31	<u><u>\$8,473</u></u>	<u><u>\$8,473</u></u>	<u><u>\$40,388</u></u>	<u><u>\$31,915</u></u>

See accompanying notes to the basic financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

1. REPORTING ENTITY

Stokes Township, Logan County, Ohio (the "Township"), is a body politic and corporate established in 1838 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 cemetery maintenance. The Township contracts with the Villages of Lakeview and Jackson Center to provide fire protection. Police protection services are contracted with the Logan County Sheriff's Department. The Township is a member of the Indian Lake EMS Joint Ambulance District which provides emergency medical services to the Township. The relationship is further discussed in Note 11.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township. The Township does not have any component units.

C. Public Entity Risk Pools

The Township participates in a jointly governed organization and a public entity risk pool. Notes 6 and 11 to the financial statements provides additional information for these entities. These organizations are described as follows:

Jointly Governed Organizations:

Indian Lake EMS Ambulance provides emergency medical services to local governments.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members.

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

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position 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 position 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 non-exchange transactions.

The statement of net position 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 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support 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 activity 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major 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 funds of the Township are governmental and fiduciary.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds are the General, Gasoline Tax, Road and Bridge, and Central Fire Fund.

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported 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.

Gasoline Tax Fund - The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund - The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of roads within the Township.

Central Fire Fund - The central fire fund accounts for and reports property taxes levied (outside millage) restricted to provide fire protection for the properties within the Township (excluding the Southwest area).

The other governmental funds of the Township account for grants and other resources whose use is restricted and committed to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified 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 or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All 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.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function/department, and object level for all funds. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

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 the original budgeted amounts on the budgetary statements 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 certificated 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 appropriation amounts passed by the Township during the year.

E. Cash and Investments

Township records identify the purchase of specific investments by 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". Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts, respectively. During 2013, the Township invested in an interest bearing checking account, and nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes or grant requirements. Interest receipts credited to the General Fund during 2013 was \$484 which includes \$252 earned on the balances of other funds.

F. Inventory and Prepaid Items

The Township reports disbursements 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.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. There were no interfund repayment transactions during 2013. There are no other outstanding interfund loans.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's *modified* cash basis of accounting. There were no unused leave payments for 2013.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

K. Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid and reflected as capital outlay expenditures on the financial statements. The Township did not have outstanding debt or lease obligations.

L. Net Position

Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for roads, fire services and street lighting. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable forms" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purpose imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State statute.

Unassigned - Un-assigned fund balance is the residual classification for the general fund and includes amounts not contained in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

3. 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 (Budget Basis) presented for the General, Gasoline, Road and Bridge and Central Fire 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 *modified* cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$61.02 for the General Fund.

4. DEPOSITS AND INVESTMENTS

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

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active 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 Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of 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.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

4. DEPOSITS AND INVESTMENTS (CONTINUED)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had no un-deposited cash on hand.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,236,163 of the Township's bank balance of \$2,486,163 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not specifically in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

5. PROPERTY TAXES

Property taxes include amounts levied against all real property and public utility property located in the Township. Real property tax revenue received in 2013 for real and public utility property taxes represents the collection of 2012 taxes.

Real property taxes received in 2013 were levied after October 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

5. PROPERTY TAXES (Continued)

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first 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 personal property currently is assessed at varying percentages of true value; public real property is assessed at 35 percent of true value. Public utility property taxes received in 2013 became a lien on December 31, 2012, were levied after October 1, 2012, and are collected with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2013, was 1.9 mills or \$1.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2013 property tax receipts were based are as follows:

Real Property:	
Residential	\$150,956,800
Agricultural	9,314,320
Commercial/Industrial/Mineral	11,539,140
Public Utility Property:	
Public Utility	4,477,230
Total Assessed Value	\$176,287,490

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2013, the Township contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Ohio Township Association Risk Mgmt. Authority (OTARMA)	Real and Personal Property	\$287,185
	Legal Liability – Third Party Claims	\$3,000,000
	Wrongful Acts (public official) Liability	\$3,000,000
	Law Enforcement Liability	\$3,000,000
	Automobile Liability & Physical Damage	\$3,000,000
	Equipment Breakdown	\$275,000
	Miscellaneous Property (Inland Marine)	\$184,448
	Electronic Data Processing Equipment	\$156,000
	Dishonesty	\$5,000
	Bonds	\$5,000
Traveler's Casualty and Surety Co. of America	Public Officials Bond	\$160,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

7. PENSION PLAN

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). 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 is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2013 member contribution rates were 10.00% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 12.00% and 12.60%, respectively. Effective January 1, 2014, the member contribution rates for public safety and law enforcement members increased to 12.00% and 13.00% respectively. The 2013 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll.

For 2013, a portion of the Township's contribution equal to 1 percent of covered payroll was allocated to fund the postemployment health care plan. The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012, and 2011 were \$12,754, \$9,264, and \$8,427, respectively. The full amount has been contributed for 2013, 2012 and 2011.

8. POST-EMPLOYMENT BENEFITS

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 is a defined contribution plan. The Combined Plan is a cost sharing, multiple-employer defined benefit 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 health care 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. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013.

The portion of employer contributions allocated to health care for members in the Combined Plan was 1% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$984, \$3,705, and 5,453, respectively; 100.00 percent has been contributed for all three years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

9. ADJUSTMENT TO FUND BALANCE AND NET POSITION

During 2013, a fund adjustment was made that required the restatement of the 2012 ending fund balance for the General Fund. The restatement is presented below:

<u>Fund Balance</u>	<u>General Fund</u>	<u>Net Position</u>	<u>Governmental Activities</u>
Fund Balance, Dec 31, 2012	\$860,434	Net Position, Dec 31, 2012	\$2,103,375
2013 Adjustment	\$75	2013 Adjustment	\$75
Fund Balance, Jan 1, 2013	\$860,509	Net Position, Jan 1, 2013	\$2,103,450

The restatement of \$75 in the general fund is to adjust the balance related to voiding three checks originally issued in 2012. These checks will not be accepted by the bank since they have expired. The checks were returned to the Township and the Township re-issued the checks in October 2013.

10. FUND BALANCES

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Gasoline Tax</u>	<u>Road & Bridge</u>	<u>Central Fire</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Non-spendable:						
Restricted for						
Road and Bridge		\$332,207	\$861,279		\$142,865	\$1,336,351
Fire Protection				\$40,388	433	40,821
Lighting					62,973	62,973
Noxious Weeds/Other					1,752	1,752
Total Restricted		<u>332,207</u>	<u>861,279</u>	<u>40,388</u>	<u>208,023</u>	<u>1,441,897</u>
Committed to						
Assigned to:						
Electric/Trash	\$61					61
Subsequent Year Budget Deficit	338,470					338,470
Total Assigned	<u>338,531</u>					<u>338,531</u>
Unassigned (Deficit)	<u>705,735</u>					<u>705,735</u>
Total Fund Balances	<u>\$1,044,266</u>	<u>\$332,207</u>	<u>\$861,279</u>	<u>\$40,388</u>	<u>\$208,023</u>	<u>\$2,486,163</u>

11. JOINTLY GOVERNED ORGANIZATIONS

The Indian Lake EMS Joint Ambulance District, Logan County, 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 District is directed by an appointed four-member Board of Trustees who are from the participating subdivisions, Stokes Township, Washington Township, the Village of Lakeview, and the Village of Russells Point. The District provides emergency medical and ambulance services to the citizens within the District. Financial information can be obtained from Joanna Pittenger, Indian Lake EMS Joint Ambulance District, 301 N. Oak St., P.O. Box 6, Lakeview, Ohio 43331.

**STOKES TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

12. RELATED PARTY TRANSACTIONS

Related party transactions are transactions that an informed observer might reasonably believe reflects considerations other than economic self-interest based upon the relationship that exists between the parties to the transactions. In 2013, there was a related party transaction involving an elected Trustee, Dennis Wischmeyer and his brother Dale Wischmeyer. Estimates were received from Dale Wischmeyer, dba Wischmeyer Construction as well as Best Door. Best Door's estimate came in higher at almost \$1,000, so Wischmeyer Construction's estimate of \$917.00 was accepted. The purchase/repair was to replace the existing steel front township door. Dennis Wischmeyer abstained from voting on the matter.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Stokes Township
Logan County
275 S. Oak Street
P.O. Box 82
Lakeview, Ohio 43331

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stokes Township, Logan County, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated November 19, 2015, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

November 19, 2015



Dave Yost • Auditor of State

STOKES TOWNSHIP

LOGAN 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
JANUARY 12, 2016