

HOMER TOWNSHIP

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2003 AND DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Homer Township
10259 Spencer Road
West Salem, Ohio 44287

We have reviewed the Independent Auditor's Report of Homer Township, Medina County, prepared by Gary B. Fink & Associates, Inc., for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

March 16, 2005

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**HOMER TOWNSHIP
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND DECEMBER 31, 2002**

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HOMER TOWNSHIP

**ELECTED OFFICIALS
AS OF DECEMBER 31, 2003**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Bryan E. Rose	Trustee	01/01/02-12/31/05	(A)	\$1,000	01/01/02-12/31/05
David E. Owen	Trustee	01/01/00-12/31/03	(A)	\$5,000	01/01/00-12/31/03
Richard P. Matus	Trustee	01/01/02-12/31/05	(A)	\$5,000	01/01/02-12/31/05
Nancy A. Lilly	Clerk	04/01/00-04/01/04	(A)	\$10,000	04/01/00-04/01/04

(A) Ohio Township Association Risk Management Authority

STATUTORY LEGAL COUNSEL

Mr. William Thorne
Assistant Prosecutor
Medina County Prosecutors Office
60 Public Square
Medina, OH 44258

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Homer Township, Medina County
10259 Spencer Road
West Salem, OH 44287

We have audited the accompanying financial statements of Homer Township, Medina County (the Township), as of and for the years ended December 31, 2003 and December 31, 2002, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of Homer Township as of December 31, 2003 and December 31, 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2004 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

November 1, 2004

**Homer Township
Medina County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances - All Governmental Fund Types
For the Year Ended December 31, 2003**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Local Taxes	\$39,023	\$84,366	\$0	\$123,389
Intergovernmental Receipts	47,852	70,409	19,737	137,998
Rental Income	7,484	0	0	7,484
Licenses, Permits and Fees	0	4,700	0	4,700
Earnings on Investments	832	107	0	939
All Other Receipts	1,193	2,542	0	3,735
Total Cash Receipts	<u>96,384</u>	<u>162,124</u>	<u>19,737</u>	<u>278,245</u>
Cash Disbursements				
General Government	104,296	2,929	0	107,225
Public Safety	1,803	0	0	1,803
Public Works	2,116	140,818	19,737	162,671
Health	0	6,553	0	6,553
Capital Outlay	1,810	2,008	0	3,818
Debt Service:				
Redemption of Principal	1,787	0	0	1,787
Interest and Fiscal Charges	24	0	0	24
Total Cash Disbursements	<u>111,836</u>	<u>152,308</u>	<u>19,737</u>	<u>283,881</u>
Total Cash Receipts Over (Under) Disbursements	(15,452)	9,816	0	(5,636)
Fund Cash Balances, January 1, 2003	<u>52,817</u>	<u>127,916</u>	<u>0</u>	<u>180,733</u>
Fund Cash Balances, December 31, 2003	<u>\$37,365</u>	<u>\$137,732</u>	<u>\$0</u>	<u>\$175,097</u>
Reserve for Encumbrances, December 31, 2003	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**Homer Township
Medina County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances - All Governmental Fund Types
For the Year Ended December 31, 2002**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts			
Local Taxes	\$39,670	\$85,235	\$124,905
Intergovernmental Receipts	39,267	66,109	105,376
Rental Income	7,516	0	7,516
Licenses, Permits and Fees	0	3,355	3,355
Earnings on Investments	1,764	134	1,898
All Other Receipts	1,011	7,725	8,736
Total Cash Receipts	<u>89,228</u>	<u>162,558</u>	<u>251,786</u>
Cash Disbursements			
General Government	90,550	3,028	93,578
Public Works	2,117	128,758	130,875
Health	0	5,127	5,127
Capital Outlay	0	12,456	12,456
Debt Service:			
Redemption of Principal	5,207	0	5,207
Interest and Fiscal Charges	290	0	290
Total Cash Disbursements	<u>98,164</u>	<u>149,369</u>	<u>247,533</u>
Total Cash Receipts Over (Under) Disbursement	(8,936)	13,189	4,253
Fund Cash Balances, January 1, 2002	<u>61,753</u>	<u>114,727</u>	<u>176,480</u>
Fund Cash Balances, December 31, 2002	<u>\$52,817</u>	<u>\$127,916</u>	<u>\$180,733</u>
Reserve for Encumbrances, December 31, 2002	<u>\$3,263</u>	<u>\$0</u>	<u>\$3,263</u>

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

HOMER TOWNSHIP
MEDINA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Homer Township, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected, three-member Board. The Township provides road and bridge maintenance and cemetery maintenance.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (ie. when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township maintains all cash in checking and savings accounts.

D. Fund Accounting

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

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds - These funds are used to account for proceeds from specific sources (other than for capital projects) that are legally restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

HOMER TOWNSHIP
MEDINA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

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

Gasoline Tax Fund - This fund receives gasoline taxes to construct, maintain and repair Township roads.

Capital Projects Funds – These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township has the following significant capital projects fund:

Issue II Fund – This fund is used to account for Issue II grant proceeds used to fund local road construction projects.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations - Budgetary expenditures (disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

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

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

HOMER TOWNSHIP
MEDINA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

2. **EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2003	2002
Demand deposits	\$175,080	\$180,715

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

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2003 and December 31, 2002 was as follows:

2003 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,039	\$96,384	(\$9,655)
Special Revenue	141,775	162,124	20,349
Capital Projects	19,737	19,737	0
Total	\$267,551	\$278,245	\$10,694

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$158,450	\$111,836	\$46,614
Special Revenue	221,250	152,308	68,942
Capital Projects	19,737	19,737	0
Total	\$399,437	\$283,881	\$115,556

HOMER TOWNSHIP
MEDINA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

3. **BUDGETARY ACTIVITY** (continued)

2002 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$97,956	\$89,228	(\$8,728)
Special Revenue	122,375	162,558	40,183
Total	<u>\$220,331</u>	<u>\$251,786</u>	<u>\$31,455</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$147,550	\$101,427	\$46,123
Special Revenue	218,850	149,369	69,481
Total	<u>\$366,400</u>	<u>\$250,796</u>	<u>\$115,604</u>

4. **PROPERTY TAX**

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

Public utilities are also taxed on personal property located within the Township.

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

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

HOMER TOWNSHIP
MEDINA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

5. **RETIREMENT SYSTEMS**

Employees belong to the Ohio Public Employees Retirement System (OPERS), OPERS is a cost-sharing, multiple-employer defined pension plan. This plan provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to: 277 East Town Street, Columbus, Ohio 43215 or by calling (614)466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. For 2003 the Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

6. **RISK MANAGEMENT**

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and Omissions.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Homer Township, Medina County
10259 Spencer Road
West Salem, OH 44287

We have audited the financial statements of Homer Township, Medina County (the Township), as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated November 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.


As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated November 1, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that we have reported to management of the Township in a separate letter dated November 1, 2004

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

November 1, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

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HOMER TOWNSHIP

MEDINA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 29, 2005**