

YORK TOWNSHIP

MEDINA COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2004 & 2003

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Governmental Consultants



**Auditor of State
Betty Montgomery**

Board of Trustees
York Township
Medina, Ohio

We have reviewed the *Report of Independent Accountants* of the York Township, Medina County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 13, 2005

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YORK TOWNSHIP
MEDINA COUNTY, OHIO
Audit Report
For the years ended December 31, 2004 & 2003

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees
York Township
Medina, Ohio

We have audited the accompanying financial statements of York Township (the Township), as of and for the years ended December 31, 2004 & 2003. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statement present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of York Township, Medina County, Ohio, as of December 31, 2004 and 2003 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2005 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and on compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.
July 31, 2005

**YORK TOWNSHIP
MEDINA COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2004**

	Governmental Fund Types		(Memorandum Only) Total
	General	Special Revenue	
Cash Receipts:			
Property Taxes and Other Local Taxes	\$ 40,560	\$ 378,164	\$ 418,724
Intergovernmental	85,389	138,710	224,099
Charges for Services	-	163	163
Licenses, Permits and Fees	-	29,812	29,812
Earnings on Investments	13,817	1,436	15,253
Miscellaneous	2,424	73,914	76,338
Total Cash Receipts	142,190	622,199	764,389
Cash Disbursements:			
General Government	143,147	33,285	176,432
Public Safety	-	219,273	219,273
Public Works	2,938	187,388	190,326
Health	1,213	26,585	27,798
Capital Outlay	269,668	178,271	447,939
Debt Service:			
Principal Payments	54,270	36,181	90,451
Interest Payments	4,545	6,817	11,362
Total Cash Disbursements	475,781	687,800	1,163,581
Total Cash Receipts Over/(Under) Cash Disbursements	(333,591)	(65,601)	(399,192)
Other Financing Sources/(Uses):			
Sale of Notes	264,000	176,000	440,000
Transfers-In	-	31,500	31,500
Transfers-Out	(31,500)	-	(31,500)
Total Other Financing Sources/(Uses)	232,500	207,500	440,000
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Sources	(101,091)	141,899	40,808
Fund Balance, January 1, 2004	114,513	927,537	1,042,050
Fund Balance, December 31, 2004	\$ 13,422	\$ 1,069,436	\$ 1,082,858
Reserve for Encumbrances, December 31, 2004	\$ -	\$ 719	\$ 719

See accompanying Notes to the Financial Statements.

YORK TOWNSHIP
MEDINA COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2003

	Governmental Fund Types		(Memorandum Only) Total
	General	Special Revenue	
Cash Receipts:			
Property Taxes and Other Local Taxes	\$ 39,577	\$ 368,852	\$ 408,429
Intergovernmental	98,928	157,105	256,033
Charges for Services	-	690	690
Licenses, Permits and Fees	-	21,310	21,310
Earnings on Investments	9,790	955	10,745
Miscellaneous	2,613	430	3,043
Total Cash Receipts	150,908	549,342	700,250
Cash Disbursements:			
General Government	141,836	31,275	173,111
Public Safety	-	159,070	159,070
Public Works	6,569	181,405	187,974
Health	500	54,841	55,341
Capital Outlay	210	-	210
Total Cash Disbursements	149,115	426,591	575,706
Total Cash Receipts Over/(Under) Cash Disbursements	1,793	122,751	124,544
Other Financing Sources/(Uses):			
Transfers-In	-	63,700	63,700
Transfers-Out	(63,700)	-	(63,700)
Total Other Financing Sources/(Uses)	(63,700)	63,700	-
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(61,907)	186,451	124,544
Fund Balance, January 1, 2003	176,420	741,086	917,506
Fund Balance, December 31, 2003	\$ 114,513	\$ 927,537	\$ 1,042,050
Reserve for Encumbrances, December 31, 2003	\$ 14,920	\$ 72,834	\$ 87,754

See accompanying Notes to the Financial Statements.

**YORK TOWNSHIP
MEDINA COUNTY, OHIO**

**Notes To The Financial Statements
For The Years Ended December 31, 2004 & 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

York 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 of Trustees. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Erhart Fire Department to provide fire and ambulance services.

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

B. BASIS OF ACCOUNTING

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

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

C. CASH AND INVESTMENTS

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. FUND ACCOUNTING

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

1. General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

YORK TOWNSHIP
MEDINA COUNTY, OHIO

Notes To The Financial Statements
For The Years Ended December 31, 2004 & 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

2. Special Revenue Funds

To account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund – This fund receives gasoline tax monies from State of Ohio for construction and repair of Township streets.

Road & Bridge Fund – This fund receives property tax money levied for the funding of the repair of the Township's roads.

Special Levy Fire Fund-This fund receives property tax money levied for the funding of fire protection services.

E. BUDGETARY PROCESS

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The 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.

2. Estimated Resources

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

3. Encumbrances

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

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

YORK TOWNSHIP
MEDINA COUNTY, OHIO

Notes To The Financial Statements
For The Years Ended December 31, 2004 & 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2004</u>	<u>2003</u>
Demand Deposits	\$ 84,772	\$ 95,204
Certificates of Deposit	900,000	850,000
STAR Ohio	<u>98,086</u>	<u>96,846</u>
Total deposits and investments	<u>\$ 1,082,858</u>	<u>\$ 1,042,050</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**YORK TOWNSHIP
MEDINA COUNTY, OHIO**

**Notes To The Financial Statements
For The Years Ended December 31, 2004 & 2003**

3. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$378,801	\$406,190	\$27,389
Special Revenue	513,770	829,699	315,929
Total	\$891,851	\$1,235,889	\$344,038

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$497,512	\$507,281	(\$9,769)
Special Revenue	1,052,597	688,519	364,078
Total	\$1,550,109	\$1,195,800	\$354,309

2003 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$168,330	\$150,908	\$(17,422)
Special Revenue	461,889	613,042	151,153
Total	\$630,219	\$763,950	\$133,731

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$261,675	\$227,735	\$33,940
Special Revenue	709,628	499,425	210,203
Total	\$971,303	\$727,160	\$244,143

**YORK TOWNSHIP
MEDINA COUNTY, OHIO**

**Notes To The Financial Statements
For The Years Ended December 31, 2004 & 2003**

4. PROPERTY TAX

Real property becomes a lien on January 1 preceding the October 1 date for which rates are adopted by Township 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 and real property located within the Township.

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

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

5. RETIREMENT SYSTEMS

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

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

6. RISK MANAGEMENT

The York Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public Officials Liability

YORK TOWNSHIP
MEDINA COUNTY, OHIO

Notes To The Financial Statements
For The Years Ended December 31, 2004 & 2003

7. DEBT

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bank Loan	<u>\$349,549</u>	4.7%
Total	<u>\$349,549</u>	

The Bank Loan relates to the purchase of two properties adjacent to Township hall. The Township plans on using the properties for expansion of their current operations.

8. CONTINGENT LIABILITIES

The Township may be a defendant in various lawsuits. Although, the outcome of the lawsuits is not presently determinable, in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

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

The Board of Trustees
York Township
Medina, Ohio

We have audited the financial statements of York Township as and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 31, 2005, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State established rather than accounting principles generally accepted in the United States of America. 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.

Internal Controls 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 an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the Township in a separate letter dated July 31, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 certain immaterial instances of noncompliance that we have reported to management in a separate letter dated July 31, 2005.

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

Charles E. Harris & Associates, Inc.
July 31, 2005

STATUS OF PRIOR YEAR CITATIONS AND RECOMMENDATIONS

The prior report, as of December 31, 2001 and 2002 included no material citations or recommendations.



**Auditor of State
Betty Montgomery**

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YORK 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
NOVEMBER 10, 2005**