



**CONGRESS TOWNSHIP  
MORROW COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CONGRESS TOWNSHIP  
MORROW COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees  
Congress Township  
Morrow County  
7276 County Road 46  
Mount Gilead, Ohio 43338

We have audited the accompanying financial statements of Congress Township, Morrow County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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 § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

May 9, 2000



**CONGRESS TOWNSHIP  
MORROW COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

|  | <b>General</b>  | <b>Special<br/>Revenue</b> | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|-----------------|----------------------------|---|
| <b>Cash Receipts:</b>  |                 |                            |   |
| Local Taxes  | \$15,082        | \$19,977                   | \$35,059                                |
| Intergovernmental Receipts   | 32,090          | 65,473                     | 97,563                                  |
| Interest   | 523             | 1,018                      | 1,541                                   |
| Other Revenue  | 0               | 10,846                     | 10,846                                  |
| Total Cash Receipts  | 47,695          | 97,314                     | 145,009                                 |
| <b>Cash Disbursements:</b>   |                 |                            |   |
| Current:   |                 |                            |   |
| General Government   | 31,624          | 0                          | 31,624                                  |
| Public Works   | 359             | 44,916                     | 45,275                                  |
| Health   | 703             | 2,149                      | 2,852                                   |
| Capital Outlay   | 0               | 87,795                     | 87,795                                  |
| Total Disbursements  | 32,686          | 134,860                    | 167,546                                 |
| Total Receipts Over/(Under) Disbursements  | 15,009          | (37,546)                   | (22,537)                                |
| <b>Other Financing Receipts/(Disbursements):</b>   |                 |                            |   |
| Transfers-In   | 0               | 30,000                     | 30,000                                  |
| Transfers-Out  | (30,000)        | 0                          | (30,000)                                |
| Other Financing Sources  | 1,774           | 0                          | 1,774                                   |
| Total Other Financing Receipts/(Disbursements)   | (28,226)        | 30,000                     | 1,774                                   |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | (13,217)        | (7,546)                    | (20,763)                                |
| Fund Cash Balances, January 1, 1999  | 31,761          | 64,091                     | 95,852                                  |
| <b>Fund Cash Balances, December 31, 1999</b>   | <b>\$18,544</b> | <b>\$56,545</b>            | <b>\$75,089</b>                         |

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

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
NON-EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

|  | <u>Non-Expendable<br/>Trust</u> |
|--|---------------------------------|
| <b>Operating Cash Receipts:</b>                          |                                 |
| Interest   | <u>\$30</u>                     |
| Total Operating Cash Receipts                            | 30                              |
| <b>Operating Cash Disbursements:</b>                     |                                 |
| Contractual Services                                     | <u>30</u>                       |
| Total Operating Cash Disbursements                       | <u>30</u>                       |
| Operating Receipts over/ (under) Operating Disbursements | 0                               |
| Fund Cash Balance, January 1, 1999                       | <u>2,555</u>                    |
| <b>Fund Cash Balance, December 31, 1999</b>              | <b><u><u>\$2,555</u></u></b>    |

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



**CONGRESS TOWNSHIP  
MORROW COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

|  | <b>General</b>  | <b>Special<br/>Revenue</b> | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|-----------------|----------------------------|---|
| <b>Cash Receipts:</b>  |                 |                            |   |
| Local Taxes  | \$13,801        | \$18,223                   | \$32,024                                |
| Intergovernmental Receipts   | 28,077          | 65,723                     | 93,800                                  |
| Interest   | 1,117           | 572                        | 1,689                                   |
| Other Revenue  | 0               | 81                         | 81                                      |
| Total Cash Receipts  | 42,995          | 84,599                     | 127,594                                 |
| <b>Cash Disbursements:</b>   |                 |                            |   |
| Current:   |                 |                            |   |
| General Government   | 32,674          | 0                          | 32,674                                  |
| Public Works   | 324             | 52,733                     | 53,057                                  |
| Health   | 658             | 2,362                      | 3,020                                   |
| Capital Outlay   | 0               | 20,091                     | 20,091                                  |
| Total Disbursements  | 33,656          | 75,186                     | 108,842                                 |
| Total Receipts Over/(Under) Disbursements  | 9,339           | 9,413                      | 18,752                                  |
| <b>Other Financing Receipts/(Disbursements):</b>   |                 |                            |   |
| Other Financing Sources  | 1,054           | 0                          | 1,054                                   |
| Total Other Financing Receipts/(Disbursements)   | 1,054           | 0                          | 1,054                                   |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | 10,393          | 9,413                      | 19,806                                  |
| Fund Cash Balances January 1, 1998   | 21,368          | 54,678                     | 76,046                                  |
| <b>Fund Cash Balances, December 31, 1998</b>   | <b>\$31,761</b> | <b>\$64,091</b>            | <b>\$95,852</b>                         |

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

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
NON-EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

|   | <u>Non-Expendable<br/>Trust</u> |
|---|---------------------------------|
| <b>Operating Cash Receipts:</b>                         |                                 |
| Interest  | <u>\$30</u>                     |
| Total Operating Cash Receipts                           | 30                              |
| <b>Operating Cash Disbursements:</b>                    |                                 |
| Contractual Services                                    | <u>25</u>                       |
| Total Operating Cash Disbursements                      | <u>25</u>                       |
| Operating Receipts over/(under) Operating Disbursements | 5                               |
| Fund Cash Balances, January 1, 1998                     | <u>2,550</u>                    |
| <b>Fund Cash Balances, December 31, 1998</b>            | <u><u><b>\$2,555</b></u></u>    |

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

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

Certificates of deposits and the U.S. Savings Bond are valued at cost.

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

**3. Fiduciary Fund (Trust Fund)**

This fund is used to account for resources restricted by a legally binding trust agreement. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund - This fund receives interest income for a bequest for the benefit of the cemetery.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and re-appropriated in the subsequent year.

A summary of 1999 and 1998 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.

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

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

|                                | <u>1999</u>     | <u>1998</u>     |
|--------------------------------|-----------------|-----------------|
| Demand deposits                | \$75,644        | \$96,407        |
| Certificates of deposit        | 1,500           | 1,500           |
| Total deposits                 | <u>77,144</u>   | <u>97,907</u>   |
| U.S. Savings Bond              | 500             | 500             |
| Total investments              | <u>500</u>      | <u>500</u>      |
| Total deposits and investments | <u>\$77,644</u> | <u>\$98,407</u> |

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

**Investments:** The U.S. Savings Bond is held in book-entry form by the Federal Reserve in the name of the Township. The U.S. government maintains records identifying the Township as owner of the security.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 1999 and December 31, 1998 follows:

**1999 Budgeted vs. Actual Receipts**

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance        |
|-----------------|----------------------|--------------------|-----------------|
| General         | \$32,109             | \$49,469           | \$17,360        |
| Special Revenue | 103,964              | 127,314            | 23,350          |
| Fiduciary       | 30                   | 30                 | 0               |
| Total           | <u>\$136,103</u>     | <u>\$176,813</u>   | <u>\$40,710</u> |

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

| <u>Fund Type</u> | <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u> |
|------------------|------------------------------------|-----------------------------------|-----------------|
| General          | \$75,450                           | \$62,686                          | \$12,764        |
| Special Revenue  | 131,700                            | 134,860                           | (3,160)         |
| Fiduciary        | 800                                | 30                                | 770             |
| Total            | <u>\$207,950</u>                   | <u>\$197,576</u>                  | <u>\$10,374</u> |

**1998 Budgeted vs. Actual Receipts**

| <u>Fund Type</u> | <u>Budgeted<br/>Receipts</u> | <u>Actual<br/>Receipts</u> | <u>Variance</u> |
|------------------|------------------------------|----------------------------|-----------------|
| General          | \$28,662                     | \$44,049                   | \$15,387        |
| Special Revenue  | 86,372                       | 84,599                     | (1,773)         |
| Fiduciary        | 30                           | 30                         | 0               |
| Total            | <u>\$115,064</u>             | <u>\$128,678</u>           | <u>\$13,614</u> |

**1998 Budgeted vs. Actual Budgetary Basis Expenditures**

| <u>Fund Type</u> | <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u> |
|------------------|------------------------------------|-----------------------------------|-----------------|
| General          | \$42,750                           | \$33,656                          | \$9,094         |
| Special Revenue  | 121,000                            | 75,186                            | 45,814          |
| Fiduciary        | 800                                | 25                                | 775             |
| Total            | <u>\$164,550</u>                   | <u>\$108,867</u>                  | <u>\$55,683</u> |

**4. PROPERTY TAX**

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

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**4. PROPERTY TAX (Continued)**

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

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

**5. RETIREMENT SYSTEMS**

Township employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including 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 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- General Liability
- Property Liability
- Public Officials Liability

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Congress Township  
Morrow County  
7276 County Road 46  
Mt. Gilead, Ohio 43338

We have audited the financial statements of Congress Township, Morrow County, Ohio, (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated May 9, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 9, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 9, 2000.

Congress Township  
Morrow County  
Report on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

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

**JIM PETRO**  
Auditor of State

May 9, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**CONGRESS TOWNSHIP**

**MORROW 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  
MAY 30, 2000**