

WOOSTER TOWNSHIP
Wayne County, Ohio

Regular Audit

For the Years Ended December 31, 2003 - 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Wooster Township, Wayne County
2573 Timothy Place
Wooster, OH 44691

We have reviewed the Independent Auditor's Report of Wooster Township, Wayne County, prepared by Knox & Knox, CPAs, 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. Wooster Township, Wayne County is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

October 5, 2004

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WOOSTER TOWNSHIP
WAYNE COUNTY, OHIO

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Report of Independent Accountants

Wooster Township
Wayne County
1917 Millersburg Rd.
Wooster, OH 44691

To the Board of Trustees:

We have audited the accompanying financial statements of the Wooster Township, Wayne County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides 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 and reserves for encumbrances of the Township as of December 31, 2003 and 2002, 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 August 20, 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, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the audit committee, 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 these specified parties.

Knox & Knox

Orrville, Ohio
August 20, 2004

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WOOSTER TOWNSHIP
WAYNE COUNTY

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		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$ 132,477	\$ 416,421	\$548,898
Intergovernmental	167,568	134,302	301,870
Special Assessments	-0-	3,892	3,892
Charges for Services	82,350	-0-	82,350
Earnings on Investments	8,544	5,952	14,496
Total Cash Receipts	390,939	560,567	951,506
Cash Disbursements:			
Current:			
General Government	163,325	-0-	163,325
Public Safety	208,595	-0-	208,595
Public Works	-0-	159,995	159,995
Health	28,423	-0-	28,423
Capital Outlay	165,508	205,286	370,794
Total Cash Disbursements	565,851	365,281	931,132
Total Cash Receipts Over/(Under) Cash Disbursements	<174,912>	195,286	20,374
Other Financing Receipts:			
Other Sources	11,165	-0-	11,165
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	< 163,747>	195,286	31,539
Fund Cash Balances, January 1	458,930	1,578,459	2,037,389
Fund Cash Balances, December 31	\$295,183	\$1,773,745	\$ 2,068,928
Reserves for Encumbrances, December 31	\$ 0	\$ 0	\$ 0

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

WOOSTER TOWNSHIP
WAYNE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$ 116,498	\$ 387,285	\$ 503,783
Intergovernmental	91,525	127,902	219,427
Special Assessments	-0-	4,164	4,164
Charges for Services	74,650	-0-	74,650
Earnings on Investments	16,540	9,119	25,659
Miscellaneous	<u>1,351</u>	<u>-0-</u>	<u>1,351</u>
Total Cash Receipts	<u>300,564</u>	<u>528,470</u>	<u>829,034</u>
Cash Disbursements:			
Current:			
General Government	152,109	-0-	152,109
Public Safety	191,715	-0-	191,715
Public Works	-0-	120,396	120,396
Health	27,381	-0-	27,381
Capital Outlay	<u>1,737</u>	<u>180,321</u>	<u>182,058</u>
Total Cash Disbursements	<u>372,942</u>	<u>300,717</u>	<u>673,659</u>
Total Cash Receipts Over/(Under)			
Cash Disbursements	< 72,378 >	227,753	155,375
Other Financing Receipts:			
Other Sources	<u>12,141</u>	<u>-0-</u>	<u>12,141</u>
Excess of Cash Receipts and Other Financing Sources over Cash Disbursements	< 60,237 >	227,753	167,516
Fund Cash Balances, January 1	<u>519,167</u>	<u>1,350,706</u>	<u>1,869,873</u>
Fund Cash Balances, December 31	<u>\$ 458,930</u>	<u>\$1,578,459</u>	<u>\$2,037,389</u>
Reserves for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 50,035</u>	<u>\$ 50,035</u>

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

WOOSTER TOWNSHIP
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. Summary of Significant Accounting Policies

A. Description of the Entity

Wooster Township, Wayne County, (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 contracts with the Wooster Township Fire and Rescue Association to provide fire protection and emergency medical 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 or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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 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 for constructing, maintaining and repairing Township roads and bridges.

Fire Levy B Fund - This fund receives property tax levy money for the purpose of purchasing and maintaining fire department equipment and facilities.

Fire Levy C Fund - This fund receives property tax levy money for the purpose of purchasing and maintaining fire department equipment and facilities.

WOOSTER TOWNSHIP
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 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.

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 carried over, and need not be reappropriated.

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, full-time employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the Township's basis of accounting.

WOOSTER TOWNSHIP
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

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 at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Dem and Deposits	\$1,168,928	\$ 937,389
Certificates of Deposit	<u>900,000</u>	<u>1,100,000</u>
Total Deposits	<u>2,068,928</u>	<u>2,037,389</u>

Deposits:

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 319,864	\$ 402,104	\$ 82,240
Special Revenue	<u>568,229</u>	<u>560,567</u>	<u>< 7,662 ></u>
Total	<u>\$ 888,093</u>	<u>\$ 962,671</u>	<u>\$ 74,578</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 778,751	\$ 565,851	\$ 212,900
Special Revenue	<u>2,146,350</u>	<u>365,281</u>	<u>1,781,069</u>
Total	<u>\$2,925,101</u>	<u>\$ 931,132</u>	<u>\$ 1,993,969</u>

WOOSTER TOWNSHIP
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$346,288	\$ 312,705	<\$ 33,583>
Special Revenue	<u>594,918</u>	<u>528,470</u>	<u>< 66,448></u>
Total	<u>\$ 941,206</u>	<u>\$ 841,175</u>	<u><\$ 100,031></u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 865,450	\$ 372,942	\$ 492,508
Capital Projects	<u>1,945,450</u>	<u>350,752</u>	<u>1,594,698</u>
Total	<u>\$ 2,810,900</u>	<u>\$ 723,694</u>	<u>\$2,087,206</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 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 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

The Township's certified fire fighters belong to the Police and Fire Pension Fund (OP&F). Other Township employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OP & F contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP & F. PERS members contributed 8.5% of their gross salaries. The Township has contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

6. Risk Management

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Commercial inland marine;
- Public official's liability; and
- Employers liability

The Township also provides health and dental insurance for its full-time employees through a private carrier.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Wooster Township
Wayne County
1917 Millersburg Rd.
Wooster, OH 44691

To the Board of Trustees:

We have audited the financial statements of the Wooster Township, Wayne County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 20, 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.

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 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 instance of noncompliance that is required to be reported under *Government Auditing Standards*.

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 operation that we consider to be material weaknesses. However, we noted a certain 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 August 20, 2004.

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

Knox & Knox

Orrville, Ohio
August 20, 2004



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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WOOSTER TOWNSHIP

WAYNE 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 4, 2004**