



**CONGRESS TOWNSHIP  
MORROW COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**



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

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**STATE OF OHIO**



**CONGRESS TOWNSHIP  
MORROW COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Non-Expendable Trust Fund For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Non-Expendable Trust Fund For the Year Ended December 31, 2000 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13

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STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Congress Township  
Morrow County  
7271 County Road 46  
Mount Gilead, Ohio 43338

To the Board of Trustees:

We have audited the accompanying financial statements of Congress Township, Morrow County, Ohio, (the Township) as of and for the years ended December 31, 2001, and December 31, 2000. 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 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, 2001, and December 31, 2000, 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 February 7, 2002 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 *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

February 7, 2002

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**CONGRESS TOWNSHIP  
MORROW COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Non-Expendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$20,799	\$29,391	\$0	\$50,190
Intergovernmental	68,355	62,718	0	131,073
Fines, Forfeitures, and Penalties	240	0	0	240
Earnings on Investments	1,181	925	30	2,136
Other Receipts	4,828	0	0	4,828
	<u>95,403</u>	<u>93,034</u>	<u>30</u>	<u>188,467</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	42,870	0	0	42,870
Public Works	1,497	16,010	0	17,507
Health	819	4,880	30	5,729
Debt Service:				
Redemption of Principal	37,643	2,357	0	40,000
Interest and Fiscal Charges	924	734	0	1,658
Capital Outlay	45,487	32,573	0	78,060
	<u>129,240</u>	<u>56,554</u>	<u>30</u>	<u>185,824</u>
Total Receipts Over/(Under) Disbursements	<u>(33,837)</u>	<u>36,480</u>	<u>0</u>	<u>2,643</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes	40,000	0	0	40,000
Sale of Fixed Assets	7,500	0	0	7,500
	<u>47,500</u>	<u>0</u>	<u>0</u>	<u>47,500</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	13,663	36,480	0	50,143
Fund Cash Balances, January 1	<u>27,368</u>	<u>65,753</u>	<u>2,555</u>	<u>95,676</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$41,031</u></b>	<b><u>\$102,233</u></b>	<b><u>\$2,555</u></b>	<b><u>\$145,819</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 AND NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Non-Expendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$19,490	\$27,634	\$0	\$47,124
Intergovernmental	24,603	62,371	0	86,974
Earnings on Investments	569	1,304	30	1,903
Other Receipts	5,173	0	0	5,173
	<u>49,835</u>	<u>91,309</u>	<u>30</u>	<u>141,174</u>
<b>Total Cash Receipts</b>				
	<u>49,835</u>	<u>91,309</u>	<u>30</u>	<u>141,174</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	38,981	0	0	38,981
Public Works	1,112	37,265	0	38,377
Health	774	3,541	30	4,345
Miscellaneous	144	0	0	144
Capital Outlay	0	41,295	0	41,295
	<u>41,011</u>	<u>82,101</u>	<u>30</u>	<u>123,142</u>
<b>Total Cash Disbursements</b>				
	<u>41,011</u>	<u>82,101</u>	<u>30</u>	<u>123,142</u>
<b>Total Receipts Over/(Under) Disbursements</b>	8,824	9,208	0	18,032
<b>Fund Cash Balances, January 1</b>	18,544	56,545	2,555	77,644
<b>Fund Cash Balances, December 31</b>	<u><u>\$27,368</u></u>	<u><u>\$65,753</u></u>	<u><u>\$2,555</u></u>	<u><u>\$95,676</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, 2001 AND 2000**

**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 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 deposit and the U.S. Savings Bond are valued at cost.

Investments are included in fund cash balances. 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:

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

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**D. Fund Accounting (Continued)**

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

*Road and Bridge Fund* - This fund receives property tax money for the construction, maintenance and repair of Township roads and bridges.

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

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

*Cemetery Bequest Fund* - This fund receives interest income from 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 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 2001 and 2000 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, 2001 AND 2000  
(Continued)**

**2. CASH AND INVESTMENTS**

The Township maintains a cash and investment pool used by all funds, with the exception of the cemetery bequest funds. The balance of the cemetery funds is maintained in separate certificates of deposit and a U.S. Savings Bond. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2001	2000
Demand deposits	\$143,819	\$93,676
Certificates of deposit	\$1,500	\$1,500
Total deposits	145,319	95,176
U.S. Savings Bond	500	500
Total investments	500	500
Total deposits and investments	\$145,819	\$95,676

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,620	\$142,903	\$92,283
Special Revenue	85,600	93,034	7,434
Non-Expendable Trust	30	30	0
Total	\$136,250	\$235,967	\$99,717

**2001 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,200	\$129,240	(\$61,040)
Special Revenue	137,000	56,554	80,446
Non-Expendable Trust	800	30	770
Total	\$206,000	\$185,824	\$20,176

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

**2000 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$36,019	\$49,835	\$13,816
Special Revenue	77,100	91,309	14,209
Non-Expendable Trust	30	30	0
Total	<u>\$113,149</u>	<u>\$141,174</u>	<u>\$28,025</u>

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$52,950	\$41,011	\$11,939
Special Revenue	118,700	82,101	36,599
Non-Expendable Trust	800	30	770
Total	<u>\$172,450</u>	<u>\$123,142</u>	<u>\$49,308</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 payment, the first half is due December 31. The second half payment is due the following June 20.

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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**CONGRESS TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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.

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

Congress Township  
Morrow County  
7271 County Road 46  
Mount Gilead, Ohio 43338

To the Board of Trustees:

We have audited the accompanying financial statements of Congress Township, Morrow County, Ohio, (the Township) as of and for the years ended December 31, 2001, and December 31, 2000, and have issued our report thereon dated February 7, 2002. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2001-40659-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 7, 2002.

**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 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 February 7, 2002.

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

This report is intended solely 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

February 7, 2002



**CONGRESS TOWNSHIP  
MORROW COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>2001-40659-001</b>	
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**Prevailing Wages**

Ohio Rev. Code Sections 4115.04 and 4115.05 essentially require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project that they are going to bid before such project is bid and again when the contract is awarded, if the award is made more than 90 days after the original prevailing wage is determined. They then need to make sure that the contractors who are awarded the contracts agree, in the contract, to pay the prevailing wage.

The Township did not require the contractor to agree in the contract to pay prevailing wages for the 2000 Township road project.

We recommend the Township require contractors to agree, in writing, to pay prevailing wages for all contracts involving labor.





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  
MARCH 26, 2002**