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**CONGRESS TOWNSHIP  
MORROW COUNTY**

**REGULAR AUDIT**

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

*Whited Seigneur Sams & Rahe, LLP*

CERTIFIED PUBLIC ACCOUNTANTS



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**Auditor of State  
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of Congress Township, Morrow County, prepared by Whited Seigneur Sams & Rahe, LLP, 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. Congress Township is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

August 10, 2004

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**CONGRESS TOWNSHIP  
MORROW COUNTY, OHIO**

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# Whited Seigneur Sams & Rahe, LLP

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June 21, 2004

Board of Trustees  
Congress Township  
Morrow County  
7271 County Road 46  
Mount Gilead, OH 43338

## Report of Independent Auditor

We have audited the accompanying financial statements of Congress Township, Morrow 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 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 and reserves for encumbrances of Congress Township, Morrow County, Ohio, 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 a report dated June 21, 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 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 the 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.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**CONGRESS TOWNSHIP  
MORROW COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Non- Expendable Trust</u>	
<b>CASH RECEIPTS</b>					
Local Taxes	\$ 24,245	\$ 33,990	\$ 0	\$ 0	\$ 58,235
Intergovernmental Receipts	16,989	68,506	73,869	0	159,364
Earnings on Investments	340	313	0	20	673
Other Receipts	<u>2,984</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,984</u>
<b>TOTAL CASH RECEIPTS</b>	<b>44,558</b>	<b>102,809</b>	<b>73,869</b>	<b>20</b>	<b>221,256</b>
<b>CASH DISBURSEMENTS</b>					
Current:					
General Government	43,468	0	0	0	43,468
Public Works	1,287	47,287	73,869	0	122,443
Health	1,945	0	0	30	1,945
Miscellaneous	800	0	0	0	830
Capital Outlay	<u>5,142</u>	<u>11,290</u>	<u>0</u>	<u>0</u>	<u>16,432</u>
<b>TOTAL CASH DISBURSEMENTS</b>	<b><u>52,642</u></b>	<b><u>58,577</u></b>	<b><u>73,869</u></b>	<b><u>30</u></b>	<b><u>185,118</u></b>
<b>TOTAL CASH RECEIPTS OVER/ (UNDER) DISBURSEMENTS</b>	<b>(8,084)</b>	<b>44,232</b>	<b>0</b>	<b>(10)</b>	<b>36,138</b>
Fund Cash Balances, January 1, 2003	<u>58,275</u>	<u>112,138</u>	<u>0</u>	<u>2,550</u>	<u>172,963</u>
Fund Cash Balances, December 31, 2003	<u>\$ 50,191</u>	<u>\$ 156,370</u>	<u>\$ 0</u>	<u>\$ 2,540</u>	<u>\$ 209,101</u>
Reserve for Encumbrances, December 31, 2003	<u>\$ 0</u>	<u>\$ 12,754</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,754</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CONGRESS TOWNSHIP  
MORROW COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<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	\$ 21,421	\$ 29,891	\$ 0	\$ 51,312
Intergovernmental Receipts	34,137	63,034	0	97,171
Earnings on Investments	459	485	25	969
Other Receipts	<u>9,861</u>	<u>68</u>	<u>0</u>	<u>9,929</u>
<b>TOTAL CASH RECEIPTS</b>	65,878	93,478	25	159,381
<b>CASH DISBURSEMENTS</b>				
Current:				
General Government	48,206	0	0	48,206
Public Works	1,547	39,013	0	40,560
Health	890	3,717	30	4,637
Capital Outlay	<u>0</u>	<u>40,841</u>	<u>0</u>	<u>40,841</u>
<b>TOTAL CASH DISBURSEMENTS</b>	<u>50,643</u>	<u>83,571</u>	<u>30</u>	<u>134,244</u>
<b>TOTAL RECEIPTS OVER/(UNDER) DISBURSEMENTS</b>	15,235	9,907	(5)	25,137
Fund Cash Balances, January 1, 2002	<u>43,040</u>	<u>102,231</u>	<u>2,555</u>	<u>147,826</u>
Fund Cash Balances, December 31, 2002	<u>\$ 58,275</u>	<u>\$ 112,138</u>	<u>\$ 2,550</u>	<u>\$ 172,963</u>
Reserve for Encumbrances, December 31, 2002	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



**CONGRESS TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- **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.

- **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.

- **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.

- **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 to be accounted for in another fund.

**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 for constructing, maintaining and repairing Township roads.

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

**CONGRESS TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

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

- **Fund Accounting (Continued)**

**Capital Project Fund** - This fund is 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 had the following significant Capital Project Fund:

Issue II Fund - The Township received grants from the State of Ohio to resurface roads.

**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.

- **Budgetary Process**

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

**Appropriations** - Budgetary expenditures (that is, 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. 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 in the subsequent year.

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

- **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, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**2. EQUITY IN POOLED CASH**

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:

	<u>2003</u>	<u>2002</u>
Demand Deposits	\$ 207,101	\$ 170,963
Certificates of Deposit	<u>1,500</u>	<u>1,500</u>
Total Deposits	<u>208,601</u>	<u>172,463</u>
U.S. Savings Bond	<u>500</u>	<u>500</u>
Total Investments	<u>500</u>	<u>500</u>
Total Deposits & Investments	<u>\$ 209,101</u>	<u>\$ 172,963</u>

- **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 ending December 31, 2003 and December 31, 2002 were as follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 47,349	\$ 44,558	\$ (2,791)
Special Revenue	93,315	102,809	9,494
Capital Projects	0	73,869	73,869
Non-Expendable Trust	<u>30</u>	<u>20</u>	<u>(10)</u>
Total	<u>\$ 140,694</u>	<u>\$ 221,256</u>	<u>\$ 80,562</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 84,250	\$ 52,642	\$ 31,608
Special Revenue	193,800	71,331	122,469
Capital Projects	0	73,869	(73,869)
Non-Expendable Trust	<u>800</u>	<u>30</u>	<u>770</u>
Total	<u>\$ 278,850</u>	<u>\$ 197,872</u>	<u>\$ 80,978</u>

**CONGRESS TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 47,170	\$ 65,878	\$ 18,708
Special Revenue	95,044	93,478	(1,566)
Non-Expendable Trust	<u>30</u>	<u>25</u>	<u>(5)</u>
Total	<u>\$ 142,244</u>	<u>\$ 159,381</u>	<u>\$ 17,137</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 72,300	\$ 50,643	\$ 21,657
Special Revenue	177,500	83,571	93,929
Non-Expendable Trust	<u>800</u>	<u>30</u>	<u>770</u>
Total	<u>\$ 250,600</u>	<u>\$ 134,244</u>	<u>\$ 116,356</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.

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 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 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, PERS members contributed 8.5% of their gross salaries. The Township 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.

**CONGRESS TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA  
Donald R. Seigneur, CPA  
John R. Sams, CPA



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June 21, 2004

Board of Trustees  
Congress Township  
Morrow County  
7271 County Road 46  
Mount Gilead, OH 43338

## **Report of Independent Auditor on Compliance and on Internal Control Required by *Government Auditing Standards***

We have audited the accompanying financial statements of Congress Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 21, 2004. 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.

### **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 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 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 21, 2004.

### **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 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 June 21, 2004.

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

Respectfully submitted,  
WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**CONGRESS TOWNSHIP  
MORROW COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

**FINDING NUMBER 2003-001**

Ohio Rev. Code Section 5705.41(B) states that expenditures should not exceed appropriations. In 2003, expenditures exceeded appropriations in the Capital Projects Issue II funds. This was due mostly to adjustments made to the original 2003 financial statements that did not include Issue II monies received and spent on behalf of the Township. These transactions were not posted and, consequently, were not estimated and appropriated by resolution causing the expenditures to exceed appropriations.







**Auditor of State  
Betty Montgomery**

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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  
AUGUST 24, 2004**