



**HARRISON TOWNSHIP
VAN WERT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HARRISON TOWNSHIP
VAN WERT COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Harrison Township
Van Wert County
12975 Schumm Road
Ohio City, OH 45874

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Van Wert County, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. 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 accounting principles generally accepted in the United States of America.

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, 2000 and December 31, 1999, 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 June 18, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. 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 the audit committee, management, the Board 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

June 18, 2001

**HARRISON TOWNSHIP
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$10,976	\$43,745	\$54,721
Intergovernmental	33,973	73,134	107,107
Licenses, Permits, and Fees	625	119	744
Earnings on Investments	3,171	333	3,504
Other Revenue	3,178		3,178
 Total Cash Receipts	 51,923	 117,331	 169,254
Cash Disbursements:			
Current:			
General Government	43,713	1,111	44,824
Public Safety		19,000	19,000
Public Works		92,147	92,147
Health	9,102		9,102
Capital Outlay	3,924	7,194	11,118
 Total Cash Disbursements	 56,739	 119,452	 176,191
 Total Receipts (Under) Disbursements	 (4,816)	 (2,121)	 (6,937)
Other Financing Receipts/(Disbursements):			
Advances-In	5,000	5,000	10,000
Advances-Out	(5,000)	(5,000)	(10,000)
 Total Other Financing Receipts/(Disbursements)	 0	 0	 0
 Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	 (4,816)	 (2,121)	 (6,937)
 Fund Cash Balances, January 1	 18,381	 82,484	 100,865
 Fund Cash Balances, December 31	 \$13,565	 \$80,363	 \$93,928
 Reserve for Encumbrances, December 31	 \$0	 \$7,926	 \$7,926

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

**HARRISON TOWNSHIP
VAN WERT 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$10,132	\$40,104		\$50,236
Intergovernmental	29,246	72,731		101,977
Licenses, Permits, and Fees	720	250		970
Earnings on Investments	1,490	608		2,098
Other Revenue	3,119			3,119
	<u>44,707</u>	<u>113,693</u>		<u>158,400</u>
Total Cash Receipts				
	<u>44,707</u>	<u>113,693</u>		<u>158,400</u>
Cash Disbursements:				
Current:				
General Government	38,876	1,097		39,973
Public Safety	71	16,500		16,571
Public Works	347	71,634		71,981
Health	7,500			7,500
Capital Outlay	3,000	40,158		43,158
	<u>49,794</u>	<u>129,389</u>		<u>179,183</u>
Total Cash Disbursements				
	<u>49,794</u>	<u>129,389</u>		<u>179,183</u>
Total Receipts (Under) Disbursements	<u>(5,087)</u>	<u>(15,696)</u>		<u>(20,783)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	66			66
Transfers-Out			(\$66)	(66)
	<u>66</u>		<u>(66)</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>66</u>		<u>(66)</u>	<u>0</u>
Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	<u>(5,021)</u>	<u>(15,696)</u>	<u>(66)</u>	<u>(20,783)</u>
Fund Cash Balances, January 1	<u>23,402</u>	<u>98,180</u>	<u>66</u>	<u>121,648</u>
Fund Cash Balances, December 31	<u>\$18,381</u>	<u>\$82,484</u>	<u>\$0</u>	<u>\$100,865</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$27</u>	<u>\$0</u>	<u>\$27</u>

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

**HARRISON TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Harrison Township, Van Wert 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Convoy and the Village of Wren to provide fire services and to provide 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 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 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 for constructing, maintaining and repairing Township roads and bridges.

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

**HARRISON TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MVL Tax Fund - This fund receives motor vehicles license tax money to pay for constructing, maintaining and repairing Township roads.

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 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. Unencumbered appropriations lapse at year end.

2. 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.

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 2000 and 1999 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and compensation time in certain circumstances, such as upon leaving employment. Unpaid vacation and compensation time are not reflected as liabilities under the basis of accounting used by the Township.

**HARRISON TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments 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>2000</u>	<u>1999</u>
Demand deposits	\$40,949	\$50,461
Certificates of deposit	<u>52,979</u>	<u>50,404</u>
Total deposits and investments	<u><u>\$93,928</u></u>	<u><u>\$100,865</u></u>

Deposits: Deposits are either (1) 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, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$56,654	\$56,923	\$269
Special Revenue	<u>128,051</u>	<u>122,331</u>	<u>(5,720)</u>
Total	<u><u>\$184,705</u></u>	<u><u>\$179,254</u></u>	<u><u>(\$5,451)</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$84,788	\$61,739	\$23,049
Special Revenue	<u>200,716</u>	<u>132,378</u>	<u>68,338</u>
Total	<u><u>\$285,504</u></u>	<u><u>\$194,117</u></u>	<u><u>\$91,387</u></u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$57,647	\$44,773	(\$12,874)
Special Revenue	<u>123,453</u>	<u>113,693</u>	<u>(9,760)</u>
Total	<u><u>\$181,100</u></u>	<u><u>\$158,466</u></u>	<u><u>(\$22,634)</u></u>

**HARRISON TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,904	\$49,794	\$36,110
Special Revenue	216,777	129,416	87,361
Debt Service	66	66	0
Total	\$302,747	\$179,276	\$123,471

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.

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 elected officials and employee 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July through December 2000. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and legal liability
- Vehicles
- Wrongful acts

**HARRISON TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RISK MANAGEMENT (Continued)

The Township is a member of a pooled insurance group that provides coverage for real property, building contents and vehicles under the terms and conditions required by the pool. Risk sharing certificates are provided in the form of intergovernmental contracts between the Township and the Ohio Township Association Risk Management Authority (OTARMA). OTARMA administers the pool and upon execution of the contract, the Township pays the annual membership contribution fee. Real property and contents were inspected by OTARMA and are covered for the amount of the repair or replacement within the limits outlined on the statement of value provided as part of the risk sharing certificate.

The Township also provides health insurance, cancer, intensive care, disability, life, and a medicare supplement to the elected officials and 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**

Harrison Township
Van Wert County
12975 Schumm Road
Ohio City, OH 45874

To the Board of Trustees:

We have audited the financial statements of Harrison Township, Van Wert County, (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 18, 2001. 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-40281-001 and 2000-40281-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 18, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 18, 2001.

Harrison Township
Van Wert County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use 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.

Jim Petro
Auditor of State

June 18, 2001

**HARRISON TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2000-40281-001

Finding Repaid under Audit

Ohio Rev. Code Section 505.60 allows the township to procure and pay all or any part of the cost of insurance policies for certain benefits as outlined in the Revised Code for township employees and officers.

On December 30, 1999, the Township passed a motion to limit the amount of premium payments for health insurance to \$1,200 per year. The annual premiums the Township paid during 2000 for Paul Oechsle, Trustee, totaled \$1,374.05. Thus, \$174.05 in premiums exceeded the authorized amount.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Paul Oechsle, Trustee, and his bonding company OTARMA, and John Voltz, Clerk, and his bonding company OTARMA in the amount of \$174.05 in favor of the General Fund. The Township received repayment of the \$174.05 premium overpayment on June 28, 2001.

FINDING NUMBER 2000-40281-002

Non-Compliance Citation

Ohio Rev. Code Section 5705.10 states that all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made.

The Township received \$10,277.76 in Homestead and Rollback revenue, of which \$5,520.59 was to be distributed to the Road and Bridge Fund and \$4,757.17 was to be distributed to the Fire Fund. However, the revenue was posted to the General Fund rather than distributed to both the Road and Bridge and Fire Funds. Furthermore, the prior audit adjustment, for Homestead and Rollback, in the amount of \$4,855.08 (\$2,323.60 - Fire; \$2,531.48 - Road and Bridge) was not recorded in the Clerk's records.

An adjustment has been made against the General Fund for \$15,132.84 in favor of the Road and Bridge Fund for \$8,052.07 and the Fire Fund for \$7,080.77. The accompanying financial statements reflect the above noted adjustment and the adjustment has been posted to the accounting records of the Township.



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HARRISON TOWNSHIP

VAN WERT 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
JULY 24, 2001**