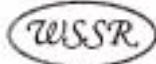


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**HARMONY TOWNSHIP  
MORROW COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

*Whited Seigneur Sams & Rabe, LLP*

CERTIFIED PUBLIC ACCOUNTANTS



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**Auditor of State  
Betty Montgomery**

Board of Trustees  
Harmony Township  
2354 County Road 170  
Marengo, OH 43334

We have reviewed the Independent Auditor's Report of the Harmony Township, Morrow County, prepared by Whited Seigneur Sams & Rahe, LLP, for the audit period January 1, 2001 through December 31, 2002. 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. The Harmony Township is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

May 22, 2003

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**HARMONY TOWNSHIP  
MORROW COUNTY, OHIO  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

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# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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May 1, 2003

Board of Trustees  
Harmony Township  
Morrow County  
2354 County Road 170  
Marengo, OH 43334

## Report of Independent Auditor

We have audited the accompanying financial statements of Harmony Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2001. 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 of Harmony Township, Morrow County, Ohio, as of December 31, 2002 and 2001, 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 May 1, 2003 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 audits performed in accordance with *Government 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 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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Memorandum Only</u>  <u>Total</u>
<b>CASH RECEIPTS</b>			
Local Taxes	\$ 40,639	\$ 24,754	\$ 65,393
Intergovernmental Receipts	17,134	62,272	79,406
Earnings on Investments	418	314	732
Other Revenue	<u>803</u>	<u>200</u>	<u>1,003</u>
<b>TOTAL CASH RECEIPTS</b>	58,994	87,540	146,534
<b>CASH DISBURSEMENTS</b>			
General Government	26,773	0	26,773
Public Safety	0	14,406	14,406
Public Works	44,386	45,509	89,895
Health	749	0	749
Capital Outlay	<u>495</u>	<u>19,604</u>	<u>20,099</u>
<b>TOTAL CASH DISBURSEMENTS</b>	<u>72,403</u>	<u>79,519</u>	<u>151,922</u>
<b>TOTAL CASH RECEIPTS OVER / (UNDER) CASH DISBURSEMENTS</b>	(13,409)	8,021	(5,388)
Fund Cash Balances, January 1, 2002	<u>81,117</u>	<u>67,092</u>	<u>148,209</u>
Fund Cash Balances, December 31, 2002	<u>\$ 67,708</u>	<u>\$ 75,113</u>	<u>\$ 142,821</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



**HARMONY TOWNSHIP  
MORROW COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Memorandum Only Total</u>
<b>CASH RECEIPTS</b>			
Local Taxes	\$ 38,705	\$ 23,662	\$ 62,367
Intergovernmental Receipts	21,659	61,883	83,542
Earnings on Investments	916	810	1,726
Other Revenue	<u>292</u>	<u>100</u>	<u>392</u>
<b>TOTAL CASH RECEIPTS</b>	61,572	86,455	148,027
<b>CASH DISBURSEMENTS</b>			
General Government	29,268	0	29,268
Public Safety	0	13,746	13,746
Public Works	3,583	90,632	94,215
Health	845	0	845
Capital Outlay	<u>688</u>	<u>0</u>	<u>688</u>
<b>TOTAL CASH DISBURSEMENTS</b>	<u>34,384</u>	<u>104,378</u>	<u>138,762</u>
<b>TOTAL CASH RECEIPTS OVER / (UNDER) CASH DISBURSEMENTS</b>	27,188	(17,923)	9,265
Fund Cash Balances, January 1, 2001	<u>53,929</u>	<u>85,015</u>	<u>138,944</u>
Fund Cash Balances, December 31, 2001	<u>\$ 81,117</u>	<u>\$ 67,092</u>	<u>\$ 148,209</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**HARMONY TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Entity**

Harmony 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 fire protection. The Township contracts with the Big Walnut Joint Fire District to provide fire protection.

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.

**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.

Fire District Fund – This fund receives property tax money to pay for a fire contract with the Big Walnut Fire District.

**HARMONY TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

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

**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 and 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 cancelled and re-appropriated in the subsequent year.

A summary of 2002 and 2001 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.

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

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	<u>\$ 142,821</u>	<u>\$ 148,209</u>

**Deposits**

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

**HARMONY TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 were as follows:

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 55,869	\$ 58,994	\$ 3,125
Special Revenue	<u>82,727</u>	<u>87,540</u>	<u>4,813</u>
TOTAL	<u>\$ 138,596</u>	<u>\$ 146,534</u>	<u>\$ 7,938</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 116,747	\$ 72,403	\$ 44,344
Special Revenue	<u>135,006</u>	<u>79,519</u>	<u>55,487</u>
TOTAL	<u>\$ 251,753</u>	<u>\$ 151,922</u>	<u>\$ 99,831</u>

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 61,572	\$ 61,572	\$ 0
Special Revenue	<u>86,455</u>	<u>86,455</u>	<u>0</u>
TOTAL	<u>\$ 148,027</u>	<u>\$ 148,027</u>	<u>\$ 0</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 47,531	\$ 34,384	\$ 13,147
Special Revenue	<u>151,575</u>	<u>104,378</u>	<u>47,197</u>
TOTAL	<u>\$ 199,106</u>	<u>\$ 138,762</u>	<u>\$ 60,344</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.

**HARMONY TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**4. PROPERTY TAX – (Continued)**

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 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. 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, 2002.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicle
- Errors and omissions
- Wrongful Acts

# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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John R Sams, CPA



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May 1, 2003

Board of Trustees  
Harmony Township  
Morrow County  
2354 County Road 170  
Marengo, OH 43335

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

We have audited the accompanying financial statements of Harmony Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated May 1, 2003. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 1, 2003.

### **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 May 1, 2003.

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



**Auditor of State  
Betty Montgomery**

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**HARMONY 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  
JUNE 10, 2003**