



**HARLEM TOWNSHIP  
DELAWARE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



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

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**STATE OF OHIO**



**HARLEM TOWNSHIP  
DELAWARE COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Harlem Township  
Delaware County  
14859 Center Village Road  
Johnstown, Ohio 43031-9209

To the Board of Trustees:

We have audited the accompanying financial statements of Harlem Township, Delaware County, Ohio, (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 generally accepted auditing standards 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 described 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, 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 April 20, 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, 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 the management and 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

April 20, 2001

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**HARLEM TOWNSHIP  
DELAWARE 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>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$166,259	\$204,155	\$64,511	\$0	\$434,926
Intergovernmental	73,119	83,498	8,067	310,599	475,284
Special Assessments	0	2,303	0	0	2,303
Licenses, Permits, and Fees	14,407	7,598	0	0	22,005
Earnings on Investments	5,303	800	0	0	6,102
Other Revenue	15,131	5,654	0	6,065	26,850
	<u>274,219</u>	<u>304,008</u>	<u>72,578</u>	<u>316,664</u>	<u>967,470</u>
<b>Total Cash Receipts</b>					
	<u>274,219</u>	<u>304,008</u>	<u>72,578</u>	<u>316,664</u>	<u>967,470</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	124,674	0	0	0	124,674
Public Safety	2,202	79,742	0	442,986	524,931
Public Works		207,351	0	0	207,351
Health	5,798	12,334	0	0	18,132
Conservation - Recreation	15,050	0	0	0	15,050
Debt Service:					
Redemption of Principal	0	0	45,000	0	45,000
Interest and Fiscal Charges	0	0	27,034	0	27,034
Capital Outlay	500	108,789	0	0	109,289
	<u>148,224</u>	<u>408,216</u>	<u>72,034</u>	<u>442,986</u>	<u>1,071,460</u>
<b>Total Cash Disbursements</b>					
	<u>148,224</u>	<u>408,216</u>	<u>72,034</u>	<u>442,986</u>	<u>1,071,460</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>125,996</u>	<u>(104,208)</u>	<u>544</u>	<u>(126,322)</u>	<u>(103,990)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	0	48,000	0	93,000	141,000
Transfers-Out	(141,000)		0	0	(141,000)
Other Sources	60	6,300	0	0	6,360
	<u>(140,940)</u>	<u>54,300</u>	<u>0</u>	<u>93,000</u>	<u>6,360</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
	<u>(140,940)</u>	<u>54,300</u>	<u>0</u>	<u>93,000</u>	<u>6,360</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(14,944)</u>	<u>(49,908)</u>	<u>544</u>	<u>(33,322)</u>	<u>(97,630)</u>
<b>Fund Cash Balances, January 1</b>	<u>67,699</u>	<u>234,427</u>	<u>455</u>	<u>34,124</u>	<u>336,705</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$52,755</b></u>	<u><b>\$184,519</b></u>	<u><b>\$999</b></u>	<u><b>\$802</b></u>	<u><b>\$239,075</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$47</b></u>	<u><b>\$4,803</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$4,850</b></u>

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

**HARLEM TOWNSHIP  
DELAWARE 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Local Taxes	\$138,787	\$184,198	\$61,621	\$0	\$384,606
Intergovernmental	63,430	91,057	7,577	0	162,064
Special Assessments	0	2,121	0	0	2,121
Licenses, Permits, and Fees	16,119	7,305	0	0	23,424
Earnings on Investments	5,077	1,285	0	0	6,362
Other Revenue	14,248	11,881	0	0	26,129
	237,660	297,848	69,198	0	604,706
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	127,380	75,475	0	0	202,855
Public Safety	1,932	0	0	0	1,932
Public Works	0	109,878	0	0	109,878
Health	5,225	9,121	0	0	14,346
Debt Service:					
Redemption of Principal	0	0	40,000	0	40,000
Interest and Fiscal Charges	0	0	29,653	0	29,653
Capital Outlay	0	57,096	0	27,650	84,746
	134,536	251,570	69,653	27,650	483,409
<b>Total Cash Disbursements</b>					
<b>Total Receipts Over/(Under) Disbursements</b>	103,124	46,278	(455)	(27,650)	121,297
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	0	75,000	0	34,124	109,124
Transfers-Out	(109,124)	0	0	0	(109,124)
Other Sources	0	1,800	0	0	1,800
	(109,124)	76,800	0	34,124	1,800
<b>Total Other Financing Receipts/(Disbursements)</b>					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,000)	123,078	(455)	6,474	123,097
Fund Cash Balances, January 1	73,700	111,348	910	27,650	213,608
<b>Fund Cash Balances, December 31</b>	<b>\$67,699</b>	<b>\$234,426</b>	<b>\$455</b>	<b>\$34,124</b>	<b>\$336,705</b>
Reserve for Encumbrances, December 31	\$86	\$1,391	\$0	\$0	\$1,477

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



**HARLEM TOWNSHIP  
DELAWARE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Harlem Township, Delaware 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, cemetery maintenance, 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.

Investments are reported as assets. 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 pay for constructing, maintaining and repairing Township roads.

Fire District Fund - This fund receives tax money from a special fire levy to help cover the cost of fire protection.

**HARLEM TOWNSHIP  
DELAWARE COUNTY**

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

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

**D. Fund Accounting (Continued)**

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

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

**3. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Bond Retirement Fund- This fund received taxes earmarked to retire the bonded debt associated with the construction of the fire house.

**4. Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund.

Issue II Fund - The Township received a grant from the State of Ohio for the resurfacing of 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 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. 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.

**HARLEM TOWNSHIP  
DELAWARE COUNTY**

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

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

**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 sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**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	\$179,075	\$276,705
Certificates of deposit	<u>60,000</u>	<u>60,000</u>
Total deposits	<u>\$239,075</u>	<u>\$336,705</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

<b>2000 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$269,164	\$274,279	\$5,115
Special Revenue	305,901	358,308	52,407
Debt Service	72,580	72,578	(2)
Capital Projects	<u>0</u>	<u>409,664</u>	<u>409,664</u>
Total	<u>\$647,645</u>	<u>\$1,114,829</u>	<u>\$467,184</u>

**HARLEM TOWNSHIP  
DELAWARE COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$291,528	\$289,271	\$2,257
Special Revenue	525,151	413,019	112,132
Debt Service	72,435	72,034	401
Capital Projects	309,421	442,986	(133,565)
Total	<u>\$1,198,535</u>	<u>\$1,217,310</u>	<u>(\$18,775)</u>

<b>1999 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$262,056	\$237,660	(\$24,396)
Special Revenue	402,116	374,648	(27,468)
Debt Service	75,810	69,198	(6,612)
Capital Projects	34,124	34,124	0
Total	<u>\$774,106</u>	<u>\$715,630</u>	<u>(\$58,476)</u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$299,335	\$243,746	\$55,589
Special Revenue	375,222	252,961	122,261
Debt Service	70,095	69,653	442
Capital Projects	515,947	27,650	488,297
Total	<u>\$1,260,599</u>	<u>\$594,010</u>	<u>\$666,589</u>

In 2000, expenditures exceeded appropriations in the Gasoline Tax Fund by 36, 545

**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.

Public utilities are also taxed on personal and real property located within the Township.

**HARLEM TOWNSHIP  
DELAWARE COUNTY**

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

**4. PROPERTY TAX (Continued)**

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. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$345,000	6.65%

The general obligation bonds were issued to finance the construction of a fire station. The bonds are collateralized solely by the Township's taxing authority.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Bonds
2001	67,943
2002	69,950
2003	71,625
2004	72,968
2005	73,978
Subsequent	74,655
Total	\$431,119

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. These plans provide 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 200 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 in 1999 and 10.84% in 2000. The Township has paid all contributions required through December 31, 2000.

**HARLEM TOWNSHIP  
DELAWARE COUNTY**

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

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



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

Harlem Township  
Delaware County  
14859 Center Village Road  
Johnstown, Ohio 43031-9209

To the Board of Trustees:

We have audited the accompanying financial statements of Harlem Township, Delaware County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated April 20, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40621-001.

**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 another 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 April 20, 2001.

Harlem Township  
Delaware County  
Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended 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

April 20, 2001



**HARLEM TOWNSHIP  
DELAWARE 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 2000-40621-001**

Section 5705.41(B), Ohio Rev. Code, requires that "no subdivision or taxing unit is to expend money unless it has been appropriated."

In 2000, the Special Revenue Gasoline Tax Fund had expenditures that exceeded appropriations by \$36,545. We recommend that in the future the Clerk request the Trustees to amend the appropriations when it is necessary to spend monies in excess of the original appropriation resolution. Also, it may be necessary to acquire an Amended Certificate of Estimated Resources.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**HARLEM TOWNSHIP**

**DELAWARE 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  
MAY 31, 2001**