



**BRONSON TOWNSHIP
HURON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

BRONSON TOWNSHIP
HURON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Bronson Township
Huron County
1337 Old State Road North
Norwalk, Ohio 44857

To the Board of Trustees:

We have audited the accompanying financial statements of Bronson Township, Huron County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 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 audits.

We conducted our audits 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 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 the Township as of December 31, 2000 and 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 March 19, 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 audits.

Bronson Township
Huron County
Report of Independent Accountants
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This report is intended solely for the information and use of the audit committee, 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

March 19, 2001

**BRONSON TOWNSHIP
HURON 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	\$40,072	\$74,498	\$114,570
Intergovernmental	63,655	69,274	132,929
Special Assessments		334	334
Licenses, Permits, and Fees	2,434	1,100	3,534
Earnings on Investments	7,625	1,247	8,872
Other Revenue		6,749	6,749
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	113,786	153,202	266,988
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	51,507		51,507
Public Safety	13,058	18,640	31,698
Public Works	9,396	98,599	107,995
Health	7,812	313	8,125
Capital Outlay	36,630	20,269	56,899
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	118,403	137,821	256,224
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(4,617)	15,381	10,764
Fund Cash Balances, January 1	65,594	99,600	165,194
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$60,977	\$114,981	\$175,958
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserve for Encumbrances, December 31			

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

**BRONSON TOWNSHIP
HURON 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>	
Cash Receipts:			
Local Taxes	\$37,987	\$70,368	\$108,355
Intergovernmental	50,885	65,707	116,592
Special Assessments		200	200
Licenses, Permits, and Fees	2,797	1,841	4,638
Earnings on Investments	5,424	678	6,102
Other Revenue		7,190	7,190
	<u>97,093</u>	<u>145,984</u>	<u>243,077</u>
Total Cash Receipts			
	<u>97,093</u>	<u>145,984</u>	<u>243,077</u>
Cash Disbursements:			
Current:			
General Government	45,704		45,704
Public Safety	4,606	16,243	20,849
Public Works	8,234	136,899	145,133
Health	6,967	1,278	8,245
Capital Outlay	18,145	3,000	21,145
	<u>83,656</u>	<u>157,420</u>	<u>241,076</u>
Total Cash Disbursements			
	<u>83,656</u>	<u>157,420</u>	<u>241,076</u>
Total Receipts Over/(Under) Disbursements	<u>13,437</u>	<u>(11,436)</u>	<u>2,001</u>
Other Financing Receipts:			
Other Sources	<u>86</u>		<u>86</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	13,523	(11,436)	2,087
Fund Cash Balances, January 1	<u>52,071</u>	<u>111,036</u>	<u>163,107</u>
Fund Cash Balances, December 31	<u>\$65,594</u>	<u>\$99,600</u>	<u>\$165,194</u>
Reserve for Encumbrances, December 31	<u>\$16,000</u>	<u>\$28,241</u>	<u>\$44,241</u>

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

**BRONSON TOWNSHIP
HURON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Bronson Township, Huron 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, and fire protection. The Township contracts with the City of Norwalk and Fairfield Township to provide fire services. North Central Emergency Medical Services, Inc., provides 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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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.

**BRONSON TOWNSHIP
HURON COUNTY**

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources 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.

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 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.

**BRONSON TOWNSHIP
HURON 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	\$38,885	\$64,816
STAR Ohio	<u>137,073</u>	<u>100,378</u>
Total deposits and investments	<u><u>\$175,958</u></u>	<u><u>\$165,194</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$125,427	\$113,786	(\$11,641)
Special Revenue	<u>157,077</u>	<u>153,202</u>	<u>(3,875)</u>
Total	<u><u>\$282,504</u></u>	<u><u>\$266,988</u></u>	<u><u>(\$15,516)</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	\$190,648	\$118,403	\$72,245
Special Revenue	<u>255,676</u>	<u>137,821</u>	<u>117,855</u>
Total	<u><u>\$446,324</u></u>	<u><u>\$256,224</u></u>	<u><u>\$190,100</u></u>

**BRONSON TOWNSHIP
HURON COUNTY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$89,656	\$97,179	\$7,523
Special Revenue	<u>150,365</u>	<u>145,984</u>	<u>(4,381)</u>
Total	<u>\$240,021</u>	<u>\$243,163</u>	<u>\$3,142</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$141,727	\$99,656	\$42,071
Special Revenue	<u>261,401</u>	<u>185,661</u>	<u>75,740</u>
Total	<u>\$403,128</u>	<u>\$285,317</u>	<u>\$117,811</u>

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.

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. LEASE

The Township entered into a lease for a truck during 2000. The period of the lease is three years, bears a 6.7 % interest rate, and requires three annual payments of \$15,269. At December 31, 2000, the outstanding principal was \$27,722. Amortization of the lease, including interest, is scheduled as follows:

Year ending December 31:	Truck Lease
2001	\$15,269
2002	<u>15,269</u>
Total	<u>\$30,538</u>

**BRONSON TOWNSHIP
HURON COUNTY**

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

6. 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 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% of participants' gross salaries in 2000 and 13.55% of participants' gross salaries in 1999. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Wrongful acts;
- Inland Marine; and
- Errors and omissions.

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

Bronson Township
Huron County
1337 Old State Road North
Norwalk, Ohio 44857

To the Board of Trustees:

We have audited the accompanying financial statements of Bronson Township, Huron County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 19, 2001. We conducted our audits 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 audits 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*.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 the management of the Township in a separate letter dated March 19, 2001.

Bronson Township
Huron 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

March 19, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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BRONSON TOWNSHIP

HURON 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
APRIL 24, 2001**