



**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HARRISON TOWNSHIP
MUSKINGUM COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Harrison Township
Muskingum County
553 Front Street
Philo, Ohio 43771

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Muskingum 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 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 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 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 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 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

April 20, 2001

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**HARRISON TOWNSHIP
MUSKINGUM 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>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$7,911	\$84,785	\$22,407	\$115,103
Intergovernmental	30,113	76,315		106,428
Charges for Services		17,669		17,669
Earnings on Investments	1,181	213		1,394
Other Revenue	309	9,756		10,065
	<u>39,514</u>	<u>188,738</u>	<u>22,407</u>	<u>250,659</u>
Total Cash Receipts				
	<u>39,514</u>	<u>188,738</u>	<u>22,407</u>	<u>250,659</u>
Cash Disbursements:				
Current:				
General Government	27,430			27,430
Public Safety		28,884		28,884
Public Works		110,244		110,244
Conservation - Recreation		31,799		31,799
Debt Service:				
Redemption of Principal			21,200	21,200
Interest and Fiscal Charges			1,108	1,108
Capital Outlay	80	15,948		16,028
	<u>27,510</u>	<u>186,875</u>	<u>22,308</u>	<u>236,693</u>
Total Cash Disbursements				
	<u>27,510</u>	<u>186,875</u>	<u>22,308</u>	<u>236,693</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>12,004</u>	<u>1,863</u>	<u>99</u>	<u>13,966</u>
Fund Cash Balances, January 1	<u>16,520</u>	<u>71,032</u>	<u>186</u>	<u>87,738</u>
Fund Cash Balances, December 31	<u>\$28,524</u>	<u>\$72,895</u>	<u>\$285</u>	<u>\$101,704</u>

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

HARRISON TOWNSHIP
MUSKINGUM 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	
Cash Receipts:					
Local Taxes	\$8,070	\$86,583	\$28,664		\$123,317
Intergovernmental	19,767	81,612		39,629	141,008
Charges for Services		14,294			14,294
Earnings on Investments	1,140	179			1,319
Other Revenue	840	242			1,082
Total Cash Receipts	29,817	182,910	28,664	39,629	281,020
Cash Disbursements:					
Current:					
General Government	24,672				24,672
Public Safety		19,318			19,318
Public Works		126,767			126,767
Health	51				51
Conservation - Recreation		35,596			35,596
Debt Service:					
Redemption of Principal			25,978		25,978
Interest and Fiscal Charges			2,552		2,552
Capital Outlay	278	16,938		39,629	56,845
Total Cash Disbursements	25,001	198,619	28,530	39,629	291,779
Total Cash Receipts Over/(Under) Cash Disbursements	4,816	(15,709)	134	0	(10,759)
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets		9,294			9,294
Total Other Financing Receipts/(Disbursements)	0	9,294	0	0	9,294
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,816	(6,415)	134	0	(1,465)
Fund Cash Balances, January 1	11,704	77,447	52	0	89,203
Fund Cash Balances, December 31	\$16,520	\$71,032	\$186	\$0	\$87,738

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

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Harrison Township, Muskingum 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 maintenance of roads, bridges, swimming pool, and park, fire protection, and emergency management services. The Township provides its own fire protection services and contracts with Harrison Township Medical Service, Inc. to provide emergency management 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. 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.

Motor Vehicle License Tax Fund - This fund receives motor vehicle money for maintaining and repairing Township roads.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire District Fund - This fund receives property tax money for maintaining and equipping a volunteer Fire Department.

Road District Fund - This fund receives property tax money from a special levy in order to construct, maintain, and repair Township roads.

Park Levy Fund - This fund receives property tax money from a special levy in order to maintain and operate a swimming pool and recreational area.

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:

Note Retirement Fund - This fund is used to accumulate resources for the payment of debt related to the purchase of equipment.

D. 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year. The Township did not consistently utilize the encumbrance method of accounting.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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

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

	2000	1999
Demand Deposits	\$101,704	\$87,738

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or 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

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$26,810	\$39,514	\$12,704
Special Revenue	185,380	188,738	3,358
Debt Service	22,366	22,407	41
Total	\$234,556	\$250,659	\$16,103

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$43,329	\$27,510	\$15,819
Special Revenue	256,411	186,875	69,536
Debt Service	22,552	22,308	244
Total	\$322,292	\$236,693	\$85,599

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,334	\$29,817	\$2,483
Special Revenue	207,486	192,204	(15,282)
Capital Projects	53,234	39,629	(13,605)
Debt Service	28,664	28,664	0
Total	\$316,718	\$290,314	(\$26,404)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$43,329	\$25,001	\$18,328
Special Revenue	256,411	198,619	57,792
Capital Projects	53,234	39,629	13,605
Debt Service	28,716	28,530	186
Total	\$381,690	\$291,779	\$89,911

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 payments, 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. 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 postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

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

5. RETIREMENT SYSTEMS (Continued)

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 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. 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 general liability
- Vehicles
- Errors and omissions

The Township also provides health insurance coverage to 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
Muskingum County
553 Front Street
Philo, Ohio 43771

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2000 and 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 the 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 2000-41060-001 and 2000-41606-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2000-41060-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We noted 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 April 20, 2001.

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

HARRISON TOWNSHIP
MUSKINGUM 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 2000-41060-001

Finding for Adjustment

Ohio Rev. Code § 5705.10 requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received. The 2000 first half manufactured homes property tax receipts were posted entirely to the Township's General Fund instead of being properly divided between the General, Road and Bridge, Fire District, Road District, and Park Levy Funds. In accordance with the foregoing facts, a finding for adjustment in the amount of \$2,458 is hereby issued against the General Fund, in favor of the following funds, in the following amounts:

<u>Fund</u>	<u>Amounts</u>
Road and Bridge Fund	\$600
Fire District Fund	\$1,033
Road District Fund	\$436
Park Levy Fund	\$389

As of the date of this report, the Clerk was in agreement with the aforementioned adjustment and this adjustment was posted to the Township's records and is reflected in the accompanying financial statements.

FINDING NUMBER 2000-41060-002

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

The Township includes certification language as part of its purchase order. However, certain Township checks were issued without properly approved purchase orders. These commitments were not subsequently approved using a then and now certificate by the Clerk or by the Board of Trustees, as applicable, within the aforementioned 30 day time period. We noted that 37% of tested expenditures were not properly certified.

We recommend Township personnel obtain proper certification for every contract or order involving an expenditure of money.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

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

FINDING NUMBER 2000-41060-003

Swimming Pool Collections

The Township's swimming pool collects admission fees, concession sales, party fees, lesson fees, telephone usage fees, and basket rental fees. In 2000, varying amounts to be used as change were kept out of the daily collections. Additionally, there were monies withheld from the deposits to pay for chemicals. This resulted in daily deposits which did not match the daily collections as documented on the weekly operation reports and therefore it could not be determined whether funds collected were deposited intact.

Although we found no evidence of misappropriation of assets, we recommend a set amount of swimming pool change be established and kept intact. The daily collections should also be deposited intact each day. Any overages and shortages should be clearly documented and reviewed by management. The daily report should reconcile sales and admissions to the deposits for the day. Any expenses related to the swimming pool should be presented to the Township Clerk in the form of an invoice and paid through the normal voucher disbursement process.



STATE OF OHIO
OFFICE OF THE AUDITOR

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HARRISON TOWNSHIP

MUSKINGUM 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 7, 2001**