



**HARRISON TOWNSHIP
GALLIA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**HARRISON TOWNSHIP
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i>	9
Schedule of Findings	11
Corrective Action Plan	12

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

Harrison Township
Gallia County
6613 State Route 218
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Gallia County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 Harrison Township, Gallia County, Ohio, as of December 31, 1999 and 1998, and its combined cash receipts and cash 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 June 13, 2000, 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.

This report is intended solely for the information and use of management and Board of Trustees, and other 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 13, 2000

**HARRISON TOWNSHIP
 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	\$5,054	\$10,040	\$15,094
Intergovernmental	12,344	69,442	81,786
Charges for Services		2,300	2,300
Interest	145	411	556
Reimbursement		10,000	10,000
Other Revenue		685	685
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	17,543	92,878	110,421
Cash Disbursements:			
Current:			
General Government	15,908		15,908
Public Safety		14,025	14,025
Public Works		55,130	55,130
Health	989		989
Capital Outlay		1,772	1,772
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	16,897	70,927	87,824
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	646	21,951	22,597
Other Financing Sources/(Uses):			
Advances-In	1,000	1,000	2,000
Advances-Out	(1,000)	(1,000)	(2,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	0	0	0
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	<hr/>	<hr/>	<hr/>
	646	21,951	22,597
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	5,804	17,518	23,322
Fund Cash Balances, December 31	<hr/> \$6,450	<hr/> \$39,469	<hr/> \$45,919

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

**HARRISON TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
 AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$4,699	\$9,383	\$14,082
Intergovernmental	13,004	66,030	79,034
Interest	216	354	570
Other Revenue		1,342	1,342
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	17,919	77,109	95,028
Cash Disbursements:			
Current:			
General Government	19,291		19,291
Public Safety		6,921	6,921
Public Works		62,249	62,249
Health	981		981
Capital Outlay		3,534	3,534
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	20,272	72,704	92,976
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(2,353)	4,405	2,052
Other Financing Sources/(Uses):			
Transfers-In		7,067	7,067
Transfers-Out		(7,067)	(7,067)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	0	0	0
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	<hr/>	<hr/>	<hr/>
	(2,353)	4,405	2,052
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	8,157	13,113	21,270
Fund Cash Balances, December 31	<hr/> \$5,804	<hr/> \$17,518	<hr/> \$23,322

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

**HARRISON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Harrison Township, Gallia 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 and a publicly-elected Clerk. The Township provides general governmental services including maintenance of Township roads and fire protection.

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 a payment is made rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township's cash amounts are valued at cost. The Township did not have any investments during the audit period.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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 received gasoline tax money for maintaining Township roads.

Fire Fund - This fund received levy money and donations for the fire expenses incurred by the Township.

**HARRISON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (i.e., disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Township 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.

A summary of 1999 and 1998 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.

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 cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$45,919</u>	<u>\$23,322</u>

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

**HARRISON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998, was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,166	\$17,543	\$2,377
Special Revenue	<u>74,570</u>	<u>92,878</u>	<u>18,308</u>
Total	<u><u>\$89,736</u></u>	<u><u>\$110,421</u></u>	<u><u>\$20,685</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$20,970	\$16,897	\$4,073
Special Revenue	<u>88,082</u>	<u>70,927</u>	<u>17,155</u>
Total	<u><u>\$109,052</u></u>	<u><u>\$87,824</u></u>	<u><u>\$21,228</u></u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$13,840	\$17,919	\$4,079
Special Revenue	<u>71,999</u>	<u>84,176</u>	<u>12,177</u>
Total	<u><u>\$85,839</u></u>	<u><u>\$102,095</u></u>	<u><u>\$16,256</u></u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$21,998	\$20,272	\$1,726
Special Revenue	<u>85,383</u>	<u>79,771</u>	<u>5,612</u>
Total	<u><u>\$107,381</u></u>	<u><u>\$100,043</u></u>	<u><u>\$7,338</u></u>

HARRISON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township 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. 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 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. For 1999 and 1998, members of PERS 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, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Business Auto
- Professional Liability
- Fire Damage
- Property Damage

The Township also provides health insurance to its officials through a private carrier.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

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

Harrison Township
Gallia County
6613 State Route 218
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the financial statements of Harrison Township, Gallia County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 13, 2000. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-40727-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 13, 2000.

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. 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 June 13, 2000.

This report is intended for the information and use of the management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 13, 2000

**HARRISON TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-40727-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) states that: No order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exception to this basic requirement is provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution of ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures of the taxing authority.

The Clerk did not certify the availability of funds prior to incurring an obligation. The Trustees did not sign the purchase orders or blanket certificates to show their approval.

We recommend the Clerk certify that funds are available prior to incurring an obligation and all three Trustees sign the purchase orders and blanket certificates to show their approval.

**HARRISON TOWNSHIP
CORRECTIVE ACTION PLAN
DECEMBER 31, 1999 AND 1998**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-40727-001	Clerk intends to sign all purchase orders to verify the availability of funds. Clerk intends to have all Trustees sign all purchase orders to indicate their approval.	12/31/00	Terry Cremeens, Clerk



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

HARRISON TOWNSHIP

GALLA 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
AUGUST 17, 2000**