



**HARMONY TOWNSHIP
CLARK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HARMONY TOWNSHIP
CLARK COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Harmony Township
Clark County
P. O. Box 212
South Vienna, Ohio 45369

To the Board of Trustees:

We have audited the accompanying financial statements of Harmony Township, Clark County, (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 and reserves for encumbrances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements and receipts 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 May 9, 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 *Governmental 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, the Board of Township 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

May 9, 2001

**HARMONY TOWNSHIP
CLARK 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	\$17,693	\$208,374	\$226,067
Intergovernmental	45,978	121,597	167,575
Charges for Services		39,280	39,280
Licenses, Permits, and Fees		14,000	14,000
Earnings on Investments	30,021	11,074	41,095
Other Revenue	7,435	12,640	20,075
	<u>101,127</u>	<u>406,965</u>	<u>508,092</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	46,321		46,321
Public Safety	739	65,639	66,378
Public Works	358	186,135	186,493
Health		49,895	49,895
Debt Service:			
Redemption of Principal	22,039	48,958	70,997
Interest and Fiscal Charges	3,096	8,401	11,497
Capital Outlay	510	24,915	25,425
	<u>73,063</u>	<u>383,943</u>	<u>457,006</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	<u>28,064</u>	<u>23,022</u>	<u>51,086</u>
Other Financing (Disbursements):			
Other Uses	<u>(600)</u>		<u>(600)</u>
Excess of Cash Receipts Over Cash Disbursements and Other Financing Disbursements	27,464	23,022	50,486
Fund Cash Balances, January 1	<u>187,115</u>	<u>392,968</u>	<u>580,083</u>
Fund Cash Balances, December 31	<u><u>\$214,579</u></u>	<u><u>\$415,990</u></u>	<u><u>\$630,569</u></u>
Reserve for Encumbrances, December 31	<u><u>\$2,741</u></u>	<u><u>\$27,114</u></u>	<u><u>\$29,855</u></u>

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

HARMONY TOWNSHIP
CLARK COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Nonexpendable Trust</u>
Cash receipts:	
Earnings on investments	\$357
Cash disbursements:	
Current:	
Supplies and Materials	<u>215</u>
Total receipts over disbursements	142
Fund cash balance January 1	<u>5,875</u>
Fund cash balance, December 31	<u><u>\$6,017</u></u>

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

**HARMONY TOWNSHIP
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$16,994	\$159,828	\$176,822
Intergovernmental	92,998	102,276	195,274
Licenses, Permits, and Fees		13,425	13,425
Earnings on Investments	18,317	7,370	25,687
Other Revenue	6,263	10,587	16,850
Total Cash Receipts	134,572	293,486	428,058
Cash Disbursements:			
Current:			
General Government	64,000		64,000
Public Safety	224	54,000	54,224
Public Works	360	84,248	84,608
Health	1	40,865	40,866
Debt Service:			
Redemption of Principal	12,806	20,894	33,700
Interest and Fiscal Charges	5,140	7,974	13,114
Capital Outlay	879	76,034	76,913
Total Cash Disbursements	83,410	284,015	367,425
Total Receipts Over Disbursements	51,162	9,471	60,633
Other Financing Receipts/(Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Notes		70,000	70,000
Other Uses	(750)		(750)
Total Other Financing Receipts/(Disbursements)	(750)	70,000	69,250
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	50,412	79,471	129,883
Fund Cash Balances, January 1	136,703	313,497	450,200
Fund Cash Balances, December 31	\$187,115	\$392,968	\$580,083

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

HARMONY TOWNSHIP
CLARK COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Nonexpendable Trust</u>
Cash receipts:	
Earnings on investments	\$276
Cash disbursements:	
Current:	
Supplies and Materials	<u>126</u>
Total receipts over disbursements	<u>150</u>
Fund cash balance January 1	<u>5,725</u>
Fund cash balance, December 31	<u><u>\$5,875</u></u>

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

**HARMONY TOWNSHIP
CLARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Harmony Township, Clark 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, fire protection, and emergency medical services. The Clark County Sheriff's department provides security of persons and property.

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. Overnight repurchase agreements are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sale 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 Fund:

Road and Bridge Fund - This fund receives tax money for repair and maintenance of township roads and bridges.

**HARMONY TOWNSHIP
CLARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund - This nonexpendable trust fund receives donations which are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

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 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. 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.

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when 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.

**HARMONY TOWNSHIP
CLARK 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:

The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$297,204	\$281,349
Investments:		
STAR Ohio	321,834	267,766
Repurchase Agreements	<u>17,548</u>	36,843
Total investments	<u>339,382</u>	<u>304,609</u>
 Total deposits and investments	 <u>\$ 636,586</u>	 <u>\$ 585,958</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. The repurchase agreements are categorized as Category 3 which includes uninsured and unregistered investments for which the securities are held by the counterparty, or Or by its trust department but not in the Township's name.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$101,127	\$101,127	\$0
Special Revenue	408,237	406,965	(1,272)
Fiduciary	<u>282</u>	<u>357</u>	<u>75.</u>
Total	<u>\$509,646</u>	<u>\$508,449</u>	<u>(\$1,197)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$267,283	\$76,404	\$190,879
Special Revenue	721,988	411,057	310,931
Fiduciary	<u>6,157</u>	<u>215</u>	<u>5,942.</u>
Total	<u>\$995,428</u>	<u>\$487,676</u>	<u>\$507,752</u>

**HARMONY TOWNSHIP
CLARK 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	\$132,674	\$134,572	\$1,898
Special Revenue	362,734	363,486	752
Fiduciary	275	276	1
Total	\$495,683	\$498,334	\$2,651

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$209,589	\$84,160	\$125,429
Special Revenue	646,985	284,015	362,970
Debt Service	46,562	0	46,562
Fiduciary	240	126	114
Total	\$903,376	\$368,301	\$535,075

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.

**HARMONY TOWNSHIP
CLARK COUNTY**

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

5. DEBT

Debt Outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Firehouse General Obligation Note	\$183,972	4.75%
Equipment Acquisition Note	57,000	4.68%

The general obligation notes were issued to finance the purchase of a combined fire house and township building. The notes are collateralized solely by the Township's taxing authority.

Equipment acquisition notes were issued to finance the purchase of a tractor with loader and road mower.

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

<u>Year Ending December 31:</u>	<u>Firehouse General Obligation Note</u>	<u>Equipment Acquisition Note</u>	<u>Total</u>
2001	\$ 45,853	\$15,703	\$ 61,556
2002	45,778	16,088	61,866
2003	45,814	16,423	62,237
2004	45,768	15,714	61,482
2005	<u>26,384</u>	<u>0</u>	<u>26,384</u>
Total	<u>\$209,597</u>	<u>\$63,928</u>	<u>\$273,525</u>

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 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 2000 and 1999, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January through June 2000 and an amount equal to 8.13% of participants' gross salaries for July through December 2000. The Township has paid all contributions required through December 31, 2000.

**HARMONY TOWNSHIP
CLARK COUNTY**

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

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public officials' liability
- Vehicle

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

8. CONTINGENT LIABILITIES

The Township is not a defendant in any that counsel believes will materially adversely affect the Township's financial condition.



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

Harmony Township
Clark County
P.O. Box 212
South Vienna, Ohio 45369

To the Board of Trustees:

We have audited the financial statements of Harmony Township (the Township), Clark County as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 9, 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, and contracts, 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 2000-40312-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated May 9, 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. 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 the 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 May 9, 2001.

Harmony Township
Clark 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 the management and 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

May 9, 2001

HARMONY TOWNSHIP
CLARK 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 2000-40312-001	Noncompliance
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Ohio Rev. Code Section 5705.41(D), provides that no orders 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 or 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 for townships 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 by the taxing authority

The township failed to properly certify expenditures of \$3,991 from a tested total of \$20,644, including the exception noted above, during 1999 and 2000. Proper certification of funds would provide an accurate picture of remaining available appropriations and unencumbered funds which would aid in the financial decision making process.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HARMONY TOWNSHIP

CLARK 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 29, 2001**