



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**HARRISON TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Harrison Township
Hamilton County
300 George Street
Harrison, Ohio 45030

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Hamilton 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 and reserves for encumbrances of the Township as of December 31, 1999 and 1998, 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 August 8, 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, and contracts.

This report is intended solely for the information and use of the audit committee, management, 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.

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

Jim Petro
Auditor of State

August 8, 2000

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**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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$279,793	\$14,748	\$294,541
Intergovernmental	114,818	51,606	166,424
Fines, Forfeitures, and Penalties	8,293	0	8,293
Earnings on Investments	13,383	4,337	17,720
Other Revenue	60,905	0	60,905
Total Cash Receipts	<u>477,192</u>	<u>70,691</u>	<u>547,883</u>
Cash Disbursements:			
Current:			
General Government	190,679	0	190,679
Public Safety	151,067	0	151,067
Public Works	9,303	89,088	98,391
Health	7,679	0	7,679
Conservation - Recreation	3,000	0	3,000
Debt Service:			
Redemption of Principal	12,000	0	12,000
Interest and Fiscal Charges	3,128	0	3,128
Capital Outlay	97,482	0	97,482
Total Cash Disbursements	<u>474,338</u>	<u>89,088</u>	<u>563,426</u>
Total Receipts Over/(Under) Disbursements	<u>2,854</u>	<u>(18,397)</u>	<u>(15,543)</u>
Other Financing Receipts/(Disbursements):			
Other Sources	87	0	87
Total Other Financing Receipts/(Disbursements)	<u>87</u>	<u>0</u>	<u>87</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,941	(18,397)	(15,456)
Fund Cash Balances, January 1	318,451	131,828	450,279
Fund Cash Balances, December 31	<u>\$321,392</u>	<u>\$113,431</u>	<u>\$434,823</u>
Reserve for Encumbrances, December 31	<u>\$18,547</u>	<u>\$1,035</u>	<u>\$19,582</u>

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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$252,748	\$13,074	\$265,822
Intergovernmental	138,676	52,479	191,155
Fines, Forfeitures, and Penalties	9,164	0	9,164
Earnings on Investments	13,216	5,122	18,338
Other Revenue	63,843	0	63,843
	<u>477,647</u>	<u>70,675</u>	<u>548,322</u>
Cash Disbursements:			
Current:			
General Government	237,537	0	237,537
Public Safety	134,955	0	134,955
Public Works	10,138	91,526	101,664
Health	8,179	0	8,179
Conservation - Recreation	3,000	0	3,000
Debt Service:			
Redemption of Principal	26,000	0	26,000
Interest and Fiscal Charges	2,067	0	2,067
	<u>421,876</u>	<u>91,526</u>	<u>513,402</u>
Total Receipts Over/(Under) Disbursements	<u>55,771</u>	<u>(20,851)</u>	<u>34,920</u>
Other Financing Receipts/(Disbursements):			
Proceeds From Sale of Notes	60,000	0	60,000
Other Sources	9	0	9
	<u>60,009</u>	<u>0</u>	<u>60,009</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	115,780	(20,851)	94,929
Fund Cash Balances, January 1	<u>202,671</u>	<u>152,680</u>	<u>355,351</u>
Fund Cash Balances, December 31	<u>\$318,451</u>	<u>\$131,829</u>	<u>\$450,280</u>
Reserve for Encumbrances, December 31	<u>\$495</u>	<u>\$0</u>	<u>\$495</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Harrison Township, Hamilton 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. The Township contracts with the Hamilton County Sheriff's Department to provide 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 Deposits

Certificates of deposit are valued at cost.

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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads.

Gasoline Tax Fund - This fund receives a monthly distribution of gasoline excise tax money from the County Auditor to pay for constructing, maintaining and repairing Township roads.

Motor Vehicle License Tax Fund - This fund receives a monthly distribution of motor vehicle license tax money from the County Auditor to pay for constructing, maintaining and repairing Township roads.

**HARRISON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1999
(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 (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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. Commitments canceled and reappropriated in the subsequent year are recorded as encumbrances for financial reporting only.

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 DEPOSITS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$284,825	\$300,279
Certificates of deposit	150,000	150,000
Total deposits	\$434,825	\$450,279

Deposits

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

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$600,090	\$477,279	(\$122,811)
Special Revenue	82,000	70,691	(11,309)
Total	\$682,090	\$547,970	\$134,120

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$800,000	\$492,885	\$307,115
Special Revenue	194,000	90,123	103,877
Total	\$994,000	\$583,008	\$410,992

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$577,322	\$537,656	\$39,666
Special Revenue	81,047	70,675	10,372
Total	\$658,369	\$608,331	\$50,038

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$630,000	\$422,371	\$207,629
Special Revenue	204,000	91,626	112,374
Total	\$834,000	\$513,997	\$320,003

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.

**HARRISON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 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, 1999 was as follows:

	Principal	Interest Rate
Township Building Improvement Note	\$480,000	5.1%
Total	\$480,000	

The Township Building Improvement Note was issued to finance the construction of a road maintenance building for Township use. The faith, credit and revenue of the Board of Trustees have been irrevocably pledged for the prompt payment of the note.

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

Year ending December 31:	Township Building Improvement Note
2000	14,456
2001	13,836
2002	13,224
2003	12,612
Subsequent	0
Total	\$54,128

6. RETIREMENT SYSTEMS

Employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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, PERS members 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.

**HARRISON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 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 to the Clerk/Treasurer and Township Trustees 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
Hamilton County
300 George Street
Harrison, Ohio 45030

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 1998 and 1999, and have issued our report thereon dated August 8, 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 and contracts, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 8, 2000.

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 a matter involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of the Township in a separate letter dated August 8, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 8, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HARRISON TOWNSHIP

HAMILTON 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 29, 2000**