



**HARRISON TOWNSHIP  
PERRY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



HARRISON TOWNSHIP  
PERRY COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Harrison Township  
Perry County  
309 Elizabeth Street  
Crooksville, Ohio 43731

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Perry 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 Harrison Township, Perry County, 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 February 26, 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.

Harrison Township  
Perry County  
Report of Independent Accountants  
Page 2

This report is intended solely for the information and use of the 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

February 26, 2001

**HARRISON TOWNSHIP  
PERRY 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**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 13,094	\$ 100,110	\$ 113,204
Intergovernmental	75,216	69,760	144,976
Charges for Services		2,270	2,270
Licenses, Permits, and Fees		8,550	8,550
Earnings on Investments	1,078	251	1,329
 Total Cash Receipts	 89,388	 180,941	 270,329
<b>Cash Disbursements:</b>			
Current:			
General Government	46,800	113,750	160,550
Public Safety		2,121	2,121
Public Works		79,524	79,524
Health	491	16,039	16,530
Debt Service:			
Redemption of Principal	12,277		12,277
Interest and Fiscal Charges	1,984		1,984
Capital Outlay	13,600		13,600
 Total Cash Disbursements	 75,152	 211,434	 286,586
 Total Cash Receipts Over/(Under) Cash Disbursements	 14,236	 (30,493)	 (16,257)
<b>Other Financing Receipts/(Disbursements):</b>			
Sale of Fixed Assets	485		485
 Total Other Financing Receipts/(Disbursements)	 485	 0	 485
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 14,721	 (30,493)	 (15,772)
 Fund Cash Balances, January 1	 6,249	 71,857	 78,106
 <b>Fund Cash Balances, December 31</b>	 <b>\$ 20,970</b>	 <b>\$ 41,364</b>	 <b>\$ 62,334</b>

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

**HARRISON TOWNSHIP  
PERRY 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**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 14,020	\$ 115,924	\$ 129,944
Intergovernmental	29,377	69,272	98,649
Charges for Services		5,175	5,175
Licenses, Permits, and Fees		7,250	7,250
Earnings on Investments	1,067	258	1,325
Other Revenue		1,986	1,986
	44,464	199,865	244,329
<b>Total Cash Receipts</b>	<b>44,464</b>	<b>199,865</b>	<b>244,329</b>
<b>Cash Disbursements:</b>			
Current:			
General Government	40,702	97,298	138,000
Public Safety		2,678	2,678
Public Works		70,755	70,755
Health	493	14,793	15,286
Debt Service:			
Redemption of Principal	12,359		12,359
Interest and Fiscal Charges	2,823		2,823
Capital Outlay	330		330
	56,707	185,524	242,231
<b>Total Cash Disbursements</b>	<b>56,707</b>	<b>185,524</b>	<b>242,231</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(12,243)</b>	<b>14,341</b>	<b>2,098</b>
<b>Other Financing Receipts/(Disbursements):</b>			
Other Sources	17		17
	17	0	17
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>17</b>	<b>0</b>	<b>17</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(12,226)	14,341	2,115
Fund Cash Balances, January 1	18,475	57,516	75,991
<b>Fund Cash Balances, December 31</b>	<b>\$ 6,249</b>	<b>\$ 71,857</b>	<b>\$ 78,106</b>

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



**HARRISON TOWNSHIP  
PERRY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Harrison Township, Perry 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 Township Clerk. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, emergency medical services and fire protection.

The Township is also affiliated with the Harrison Township Union Cemetery. The Board of Trustees of the Union Cemetery is appointed by the Village of Crooksville and Harrison Township. Taxes levied by Harrison Township for cemetery maintenance are collected by Perry County, and distributed to the Township, which then distributes the proceeds to the Union Cemetery. The Union Cemetery is a legally-separate entity that prepares and files its own financial statements. The financial activity of the Union Cemetery is not included in the accompanying financial statements. Independent audits of the Union Cemetery are performed by the Auditor of State.

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.

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

**C. Cash and Investments**

The Township Clerk invests all available funds of the Township in an interest-bearing checking account.

**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.

**HARRISON TOWNSHIP  
PERRY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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:

*Motor Vehicle License Tax Fund* - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

*Gasoline Tax Fund* - This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

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

*Fire District Fund* - This fund receives property tax money to provide fire protection through contracts with other governmental entities.

*EMS Fund* - This fund receives property tax money to provide emergency medical services through contracts with other governmental entities.

*Cemetery Fund* - This fund receives property tax money to maintain Township cemeteries.

*Joint Cemetery Fund* - This fund receives property tax money for distribution to the Harrison Township Union Cemetery Board of Trustees.

**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 function 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.

**HARRISON TOWNSHIP  
PERRY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**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 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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**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	<u>\$ 62,334</u>	<u>\$ 78,106</u>

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

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 72,833	\$ 89,873	\$ 17,040
Special Revenue	259,133	180,941	(78,192)
Total	\$ 331,966	\$ 270,814	\$ (61,152)

**HARRISON TOWNSHIP  
PERRY COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 75,152	\$ (75,152)
Special Revenue	0	211,434	(211,434)
Total	\$ 0	\$ 286,586	\$ (286,586)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,600	\$ 44,481	\$ 3,881
Special Revenue	184,000	199,865	15,865
Total	\$ 224,600	\$ 244,346	\$ 19,746

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 56,707	\$ (56,707)
Special Revenue	0	185,524	(185,524)
Total	\$ 0	\$ 242,231	\$ (242,231)

The Township failed to adopt annual appropriation measures for 1999 and 2000, contrary to Ohio law. Accordingly, expenditures exceeded appropriations in both years, contrary to Ohio law.

**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 in 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.

**HARRISON TOWNSHIP  
PERRY COUNTY**

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

**5. DEBT OBLIGATIONS**

Debt outstanding at December 31, 2000, was as follows:

	<u>Principal</u>	<u>Interest</u>
General Obligation Note	<u>\$13,004</u>	7.50%

The General Obligation Note was for a dump truck that the Township purchased in 1997. The original note was for \$50,000. The full faith and credit of the Township has been pledged toward the repayment of this debt.

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

<u>Year Ending December 31</u>		<u>General Obligation Notes</u>
2001	\$	12,360
2002		3,837
Total	\$	16,197

**6. RETIREMENT SYSTEM**

The Township's elected officials and 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 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 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.

**7. RISK MANAGEMENT**

The Township is insured with Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policies. Coverage is subject to deductibles and scheduled property. The following risks are covered by OTARMA:

- General Liability
- Public Officials' Liability
- Vehicles
- Property

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

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OFFICE OF THE AUDITOR**

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

Harrison Township  
Perry County  
309 Elizabeth Street  
Crooksville, Ohio 43731

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Perry County, Ohio (the Township), as of and for the year ended December 31, 2000 and 1999, and have issued our report thereon dated February 26, 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 item 2000-41064-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the township in a separate letter dated February, 15, 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 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 management of the Township in a separate letter dated February 26, 2001.

Harrison Township  
Perry 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 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

February 26, 2001



HARRISON TOWNSHIP  
PERRY 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 2000-41064-001

Noncompliance Citations

Ohio Rev. Code Section 5705.38 states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

In 1999, there was no indication in the minutes that the Board of Trustees adopted temporary or permanent appropriations. In 2000, the Board of Trustees adopted temporary appropriations in the January minutes, but never adopted permanent appropriations.

We recommend the Board of Trustees adopt temporary or permanent appropriations in the minutes on or about the first day of each year. If the Board of Trustees adopt temporary appropriations, they should adopt permanent appropriations by April 1.

Finding Number 2000-41064-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

As a result of the failure to adopt permanent appropriations for 2000 and 1999, expenditures exceeded appropriations in the following funds in the years indicated:

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$75,152	(\$75,152)
Motor Vehicle License Tax	\$0	\$9,590	(\$9,590)
Gasoline Tax	\$0	\$53,180	(\$53,180)
Road and Bridge	\$0	\$16,755	(\$16,755)
Cemetery	\$0	\$15,539	(\$15,539)
Fire	\$0	\$57,644	(\$57,644)
EMS	\$0	\$31,766	(\$31,766)
Joint Cemetery	\$0	\$26,960	(\$26,960)

HARRISON TOWNSHIP  
PERRY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number 2000-41064-002  
(Continued)

Noncompliance Citations (Continued)

Ohio Rev. Code Section 5705.41(B) (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$56,707	(\$56,707)
Motor Vehicle License Tax	\$0	\$6,576	(\$6,576)
Gasoline Tax	\$0	\$47,385	(\$47,385)
Road and Bridge	\$0	\$16,794	(\$16,794)
Cemetery	\$0	\$14,106	(\$14,106)
Fire	\$0	\$52,017	(\$52,017)
EMS	\$0	\$29,959	(\$29,959)
Joint Cemetery	\$0	\$18,687	(\$18,687)

We recommend the Township not expend funds that have not been properly appropriated.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**HARRISON TOWNSHIP**

**PERRY 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  
MARCH 22, 2001**