



**HARRISON TOWNSHIP  
HENRY COUNTY**

**REGULAR AUDIT**

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



**JIM PETRO  
AUDITOR OF STATE**

**STATE OF OHIO**



HARRISON TOWNSHIP  
HENRY COUNTY

TABLE OF CONTENTS

| <b>TITLE</b>  | <b>PAGE</b> |
|---|-------------|
| Report of Independent Accountants .....   | 1           |
| Combined Statement of Cash Receipts, Cash Disbursements, and<br>Changes in Fund Cash Balances – All Governmental Fund Types –<br>For the Year Ended December 31, 2000 ..... | 3           |
| Combined Statement of Cash Receipts, Cash Disbursements, and<br>Changes in Fund Cash Balances – All Governmental Fund Types –<br>For the Year Ended December 31, 1999 ..... | 4           |
| Notes to the Financial Statements .....   | 5           |
| Report of Independent Accountants on Compliance and on<br>Internal Control Required by <i>Government Auditing Standards</i> .....   | 11          |
| Schedule of Findings .....  | 13          |

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Harrison Township  
Henry County  
0311 County Road 8  
Napoleon, Ohio 43545-7885

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township (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 audits.

We conducted our audits 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 audits 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 audits provide 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 reserve for encumbrances 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 March 14, 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 our audit performed in accordance with the *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Harrison Township  
Henry County  
Report of Independent Accountants  
Page 2

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

March 14, 2001

**HARRISON TOWNSHIP  
HENRY 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> |                            |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|-----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>   |                                |                            |                             |   |
| Taxes   | \$28,756                       | \$143,720                  |                             | \$172,476                               |
| Charges for Services  | 5,509                          |                            |                             | 5,509                                   |
| Licenses, Permits and Fees  | 2,265                          |                            |                             | 2,265                                   |
| Intergovernmental Revenue   | 19,052                         | 72,072                     | \$105,000                   | 196,124                                 |
| Interest  | 14,147                         | 1,249                      |                             | 15,396                                  |
| Other Revenue   | 14,182                         | 22,174                     |                             | 36,356                                  |
|   | <u>83,911</u>                  | <u>239,215</u>             | <u>105,000</u>              | <u>428,126</u>                          |
| <b>Total Cash Receipts</b>  |                                |                            |                             |   |
| <b>Cash Disbursements:</b>  |                                |                            |                             |   |
| Current:  |                                |                            |                             |   |
| General Government  | 28,183                         |                            |                             | 28,183                                  |
| Public Safety   | 14,233                         | 33,719                     |                             | 47,952                                  |
| Public Works  |                                | 116,413                    |                             | 116,413                                 |
| Health  | 2,580                          |                            |                             | 2,580                                   |
| Capital Outlay  | 10,869                         | 9,749                      | 80,000                      | 100,618                                 |
|   | <u>55,865</u>                  | <u>159,881</u>             | <u>80,000</u>               | <u>295,746</u>                          |
| <b>Total Cash Disbursements</b>   |                                |                            |                             |   |
| <b>Total Cash Receipts Over Cash Disbursements</b>  | <u>28,046</u>                  | <u>79,334</u>              | <u>25,000</u>               | <u>132,380</u>                          |
| <b>Other Financing Receipts/(Disbursements):</b>  |                                |                            |                             |   |
| Advances-In   |                                |                            | 7,000                       | 7,000                                   |
| Advances-Out  | (7,000)                        |                            |                             | (7,000)                                 |
|   | <u>(7,000)</u>                 |                            | <u>7,000</u>                |   |
| <b>Total Other Financing Receipts/(Disbursements)</b>   |                                |                            |                             |   |
| <b>Excess of Cash Receipts and Other Financing<br/>Receipts Over/(Under) Cash Disbursements<br/>and Other Financing Disbursements</b> | 21,046                         | 79,334                     | 32,000                      | 132,380                                 |
| Fund Cash Balances, January 1   | 145,793                        | 90,153                     |                             | 235,946                                 |
| <b>Fund Cash Balances, December 31</b>  | <u><b>\$166,839</b></u>        | <u><b>\$169,487</b></u>    | <u><b>\$32,000</b></u>      | <u><b>\$368,326</b></u>                 |
| Reserve for Encumbrances, December 31   | <u>\$5,008</u>                 | <u>\$53,900</u>            | <u>\$32,000</u>             | <u>\$90,908</u>                         |

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

**HARRISON TOWNSHIP  
HENRY 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**

|   | <u>Governmental Fund Types</u> |                            | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>   |                                |                            |   |
| Taxes   | \$22,346                       | \$112,250                  | \$134,596                               |
| Charges for Services  | 8,725                          |                            | 8,725                                   |
| Licenses, Permits and Fees  | 980                            |                            | 980                                     |
| Intergovernmental Receipts  | 27,634                         | 75,907                     | 103,541                                 |
| Interest  | 6,833                          | 626                        | 7,459                                   |
| Other Revenue   | 11,066                         | 3,100                      | 14,166                                  |
|   | <u>77,584</u>                  | <u>191,883</u>             | <u>269,467</u>                          |
| <b>Total Cash Receipts</b>  |                                |                            |   |
|   | <u>77,584</u>                  | <u>191,883</u>             | <u>269,467</u>                          |
| <b>Cash Disbursements:</b>  |                                |                            |   |
| Current:  |                                |                            |   |
| General Government  | 28,869                         |                            | 28,869                                  |
| Public Safety   | 11,420                         | 35,176                     | 46,596                                  |
| Public Works  | 6,150                          | 166,830                    | 172,980                                 |
| Health  | 2,500                          |                            | 2,500                                   |
| Capital Outlay  | 40,015                         | 443                        | 40,458                                  |
|   | <u>88,954</u>                  | <u>202,449</u>             | <u>291,403</u>                          |
| <b>Total Cash Disbursements</b>   |                                |                            |   |
|   | <u>88,954</u>                  | <u>202,449</u>             | <u>291,403</u>                          |
| <b>Total Cash Disbursements Over Cash Receipts</b>  | <u>(11,370)</u>                | <u>(10,566)</u>            | <u>(21,936)</u>                         |
| <b>Other Financing Receipts/(Disbursements):</b>  |                                |                            |   |
| Other Financing Sources   | 6                              |                            | 6                                       |
| Sale of Assets  | 12,025                         |                            | 12,025                                  |
|   | <u>12,031</u>                  |                            | <u>12,031</u>                           |
| <b>Total Other Financing Receipts/(Disbursements)</b>   |                                |                            |   |
|   | <u>12,031</u>                  |                            | <u>12,031</u>                           |
| <b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b> | 661                            | (10,566)                   | (9,905)                                 |
| <b>Fund Cash Balances, January 1</b>  | <u>145,132</u>                 | <u>100,719</u>             | <u>245,851</u>                          |
| <b>Fund Cash Balances, December 31</b>  | <u><u>\$145,793</u></u>        | <u><u>\$90,153</u></u>     | <u><u>\$235,946</u></u>                 |
| <b>Reserve for Encumbrances, December 31</b>  |                                |                            |   |
|   | <u><u>          </u></u>       | <u><u>          </u></u>   | <u><u>          </u></u>                |

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



**HARRISON TOWNSHIP  
HENRY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Harrison Township, Henry 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 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**

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 and bridges.

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

**HARRISON TOWNSHIP  
HENRY COUNTY**

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

*Fire District Fund* - This fund receives tax revenues for maintaining fire services.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

*Issue II Fund* - The Township received a grant from the State of Ohio for road repair.

**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 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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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:

**HARRISON TOWNSHIP  
HENRY COUNTY**

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

|                         | <u>2000</u>             | <u>1999</u>             |
|-------------------------|-------------------------|-------------------------|
| Demand deposits         | \$281,973               | \$155,946               |
| Certificates of deposit | <u>86,353</u>           | <u>80,000</u>           |
| Total deposits          | <u><u>\$368,326</u></u> | <u><u>\$235,946</u></u> |

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

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted<br/>Receipts</u> | <u>Actual<br/>Receipts</u> | <u>Variance</u>           |
|------------------|------------------------------|----------------------------|---------------------------|
| General          | \$193,726                    | \$83,911                   | (\$109,815)               |
| Special Revenue  | 274,519                      | 239,215                    | (35,304)                  |
| Capital Projects | <u>112,000</u>               | <u>105,000</u>             | <u>(7,000)</u>            |
| Total            | <u><u>\$580,245</u></u>      | <u><u>\$428,126</u></u>    | <u><u>(\$152,119)</u></u> |

2000 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u>        |
|------------------|------------------------------------|-----------------------------------|------------------------|
| General          | \$193,726                          | \$60,873                          | \$132,853              |
| Special Revenue  | 263,119                            | 213,781                           | 49,338                 |
| Capital Projects | <u>112,000</u>                     | <u>112,000</u>                    | <u>(112,000)</u>       |
| Total            | <u><u>\$456,845</u></u>            | <u><u>\$386,654</u></u>           | <u><u>\$70,191</u></u> |

1999 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted<br/>Receipts</u> | <u>Actual<br/>Receipts</u> | <u>Variance</u>           |
|------------------|------------------------------|----------------------------|---------------------------|
| General          | \$189,516                    | \$89,615                   | (\$99,901)                |
| Special Revenue  | <u>280,373</u>               | <u>191,884</u>             | <u>(88,489)</u>           |
| Total            | <u><u>\$469,889</u></u>      | <u><u>\$281,499</u></u>    | <u><u>(\$188,390)</u></u> |

1999 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u>         |
|------------------|------------------------------------|-----------------------------------|-------------------------|
| General          | \$189,516                          | \$88,954                          | \$100,562               |
| Special Revenue  | <u>280,373</u>                     | <u>202,449</u>                    | <u>77,924</u>           |
| Total            | <u><u>\$469,889</u></u>            | <u><u>\$291,403</u></u>           | <u><u>\$178,486</u></u> |

**HARRISON TOWNSHIP  
HENRY COUNTY**

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

In 2000, Capital Projects Fund expenditures exceeded appropriations, contrary to Ohio Revised Code § 5705.41B.

**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.

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, 2000 was as follows:

|                                  |                 |
|----------------------------------|-----------------|
|                                  | <u>Loan</u>     |
| Community Improvement Corp. Loan | <u>\$16,000</u> |

The Township received a \$16,000 non-interest bearing loan from the Henry County Community Improvement Corporation to help pay for Issue II road construction.

The loan is scheduled as follows:

| <u>Year ending<br/>December 31:</u> | <u>CIC Loan</u> |
|-------------------------------------|-----------------|
| 2001                                | \$3,200         |
| 2002                                | 3,200           |
| 2003                                | 3,200           |
| 2004                                | 3,200           |
| 2005                                | 3,200           |
| Total                               | <u>\$16,000</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 postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**HARRISON TOWNSHIP  
HENRY COUNTY**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% of participants' gross salaries in 2000 and 13.55% in 1999. The Township has paid all contributions required through December 31, 2000

**7. RISK MANAGEMENT**

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

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Township also provides health insurance and dental and vision 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  
Henry County  
O311 County Road 8  
Napoleon, Ohio 43545-7885

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 14, 2001. We conducted our audits 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 2000-40135-001.

### Internal Control Over Financial Reporting

In planning and performing our audits, 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 March 14, 2001.

Harrison Township  
Henry 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

March 14, 2001



HARRISON TOWNSHIP  
HENRY 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 2000-40135-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. In fiscal year 2000, the Capital Projects Fund, expenditures exceeded appropriations by \$112,000 respectively. The Township obtained amendments to its Certificate of Estimated Resources . However, the Trustees never made amendments to the appropriations. At year end, the Clerk posted appropriations that were not approved by the Trustees.

We recommend that the Trustees amend appropriations as necessary with the same provisions of the law as are used in making the original appropriations.

2000 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u>    |
|------------------|------------------------------------|-----------------------------------|--------------------|
| Issue II         |                                    | <u>\$112,000</u>                  | <u>(\$112,000)</u> |





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**HARRISON TOWNSHIP**

**HENRY 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  
APRIL 3, 2001**