



**HARRISON TOWNSHIP  
LICKING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



HARRISON TOWNSHIP  
LICKING COUNTY

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Board Of Trustees  
Harrison Township  
Licking County  
6570 Outville Road  
Pataskala, Ohio 43062

We have audited the accompanying financial statements of Harrison Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 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 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 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, Licking County, Ohio as of December 31, 1999 and December 31, 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 November 28, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

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

November 28, 2000

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**HARRISON TOWNSHIP  
LICKING 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 (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$120,132	\$370,004	\$55,523	\$545,659
Intergovernmental	69,308	114,773	3,181	187,262
Special Assessments	0	1,886	0	1,886
Licenses, Permits, and Fees	59,452	0	0	59,452
Earnings on Investments	3,143	686	0	3,829
Other Revenue	799	1,555	0	2,354
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	252,834	488,904	58,704	800,442
<b>Cash Disbursements:</b>				
Current:				
General Government	150,457	0	0	150,457
Public Works	797	443,931	0	444,728
Health	15,671	0	0	15,671
Miscellaneous	0	0	869	869
Debt Service:				
Redemption of Principal	0	0	46,320	46,320
Interest and Fiscal Charges	0	0	11,856	11,856
Capital Outlay	0	6,850	0	6,850
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	166,925	450,781	59,045	676,751
Total Receipts Over/(Under) Disbursements	85,909	38,123	(341)	123,691
Fund Cash Balances, January 1, 1999	170,878	182,562	2,967	356,407
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u>\$256,787</u></b>	<b><u>\$220,685</u></b>	<b><u>\$2,626</u></b>	<b><u>\$480,098</u></b>

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

**HARRISON TOWNSHIP  
LICKING COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$82,810	\$349,899	\$33,744	\$466,453
Intergovernmental	40,866	\$104,991	4,168	150,025
Special Assessments	0	2,851	0	2,851
Licenses, Permits, and Fees	51,634	0	0	51,634
Earnings on Investments	5,066	988	0	6,054
Other Revenue	15,305	119,918	0	135,223
<b>Total Cash Receipts</b>	<b>195,681</b>	<b>578,647</b>	<b>37,912</b>	<b>812,240</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	129,631	0	0	129,631
Public Safety	965	43,599	0	44,564
Public Works	1,286	424,071	0	425,357
Health	14,998	0	0	14,998
Miscellaneous	8,346	5,943	580	14,869
Debt Service:				
Redemption of Principal	0	17,000	29,320	46,320
Interest and Fiscal Charges	0	8,466	6,527	14,993
Capital Outlay	0	20,866		20,866
<b>Total Cash Disbursements</b>	<b>155,226</b>	<b>519,945</b>	<b>36,427</b>	<b>711,598</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>40,455</b>	<b>58,702</b>	<b>1,485</b>	<b>100,642</b>
Fund Cash Balances, January 1, 1998	130,423	123,860	1,482	255,765
<b>Fund Cash Balances, December 31, 1998</b>	<b><u>\$170,878</u></b>	<b><u>\$182,562</u></b>	<b><u>\$2,967</u></b>	<b><u>\$356,407</u></b>

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

**HARRISON TOWNSHIP  
LICKING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Harrison Township, Licking 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 and cemetery maintenance.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**Jointly Governed Organization**

The Township is a participant among six local government entities in a jointly governed organization to operate the West Licking Joint Fire District. The Fire District was formed to provide emergency services to the residents of West Licking County. The Fire District is governed by a Fire Board consisting of an appointed member from each participating entity. The Township does not have an ongoing financial interest in or ongoing financial responsibility for the Fire District.

**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.

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

**HARRISON TOWNSHIP  
LICKING COUNTY**

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

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

**D. Fund Accounting** (Continued)

**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.

**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 property tax money for constructing, maintaining and repairing Township roads and bridges.

**Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

**E. Budgetary Process**

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

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, 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.

**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.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**HARRISON TOWNSHIP  
LICKING COUNTY**

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

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

**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 and investment 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>1999</u>	<u>1998</u>
Demand deposits	\$380,098	\$256,407
Certificates of deposit	<u>100,000</u>	<u>100,000</u>
Total deposits	<u>\$480,098</u>	<u>\$356,407</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

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

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$204,985	\$252,834	\$47,849
Special Revenue	474,954	488,904	13,950
Debt Service	<u>58,340</u>	<u>58,704</u>	<u>364</u>
Total	<u>\$738,279</u>	<u>\$800,442</u>	<u>\$62,163</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$275,863	\$166,925	\$108,938
Special Revenue	657,516	450,781	206,735
Debt Service	<u>61,308</u>	<u>59,045</u>	<u>2,263</u>
Total	<u>\$994,687</u>	<u>\$676,751</u>	<u>\$317,936</u>

**HARRISON TOWNSHIP  
LICKING COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>1998 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$190,330	\$195,681	\$5,351
Special Revenue	455,974	478,647	22,673
Debt Service	37,750	37,912	162
Total	<u>\$684,054</u>	<u>\$712,240</u>	<u>\$28,186</u>

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$323,238	\$155,226	\$168,012
Special Revenue	577,276	419,945	157,331
Debt Service	39,232	36,427	2,805
Total	<u>\$939,746</u>	<u>\$611,598</u>	<u>\$328,148</u>

**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.

**HARRISON TOWNSHIP  
LICKING COUNTY**

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

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Note - Township Complex	\$40,000	8%
General Obligation Note - Equipment	27,960	7%
General Obligation Note - Vehicles	51,000	7%
Total	\$118,960	

The Township issued a \$180,000 commercial promissory note in 1992 at a rate of 8% to finance the construction of a Township Complex. The note is being repaid through annual installments and will mature in 2002.

The Township issued a \$46,600 promissory note in 1997 at an interest rate of 6.98% for equipment. The note will be repaid in annual installments and will mature in 2002.

The Township issued an \$85,000 promissory note in 1997 at an interest rate of 6.5% for vehicles. The note will be repaid in annual installments and will mature in 2002.

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

Year ending December 31:	General Obligation Note - Township Complex	General Obligation Note - Equipment	General Obligation Note - Vehicles
2000	\$23,205	\$11,277	\$20,324
2001	21,543	10,621	19,210
2002	0	9,971	18,105
Total	\$44,748	\$31,869	\$57,639

**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.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**HARRISON TOWNSHIP  
LICKING COUNTY**

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

**7. RISK MANAGEMENT**

The Township is a member of the Ohio Government Risk Management (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 official's liability
- Vehicle

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



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

Board Of Trustees  
Harrison Township  
Licking County  
6570 Outville Road  
Pataskala, Ohio 43062

We have audited the accompanying financial statements of Harrison Township, Licking County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated November 28, 2000. 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 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 November 28, 2000.

**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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of finding as **1999-40645-001**. 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also 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 November 28, 2000.

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

**JIM PETRO**  
Auditor of State

November 28, 2000

**HARRISON TOWNSHIP  
LICKING COUNTY**

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

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

**FINDING NUMBER 1999-40645-001**

**Monitoring Fiscal Activity**

The Board of Trustees were not provided up-to-date fund reports, including budget to actual activity relating to receipts and disbursements. In addition, cash reconciliations were not completed in a timely manner.

As a result, the Board of Trustees were not provided with financial information for which to make sound financial decisions.

We recommend the Township Clerk provide monthly cash reconciliations, fund reports and budget to actual reports. The Board should acknowledge their review of this information in the minutes.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**HARRISON TOWNSHIP**

**LICKING 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  
DECEMBER 19, 2000**