



**HARRISON TOWNSHIP  
PICKAWAY COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



HARRISON TOWNSHIP  
PICKAWAY COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Harrison Township  
Pickaway County  
290 East Main Street  
Ashville, Ohio 43103

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Pickaway 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 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 reserves for encumbrances of the Harrison Township, Pickaway 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 June 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.

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.

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

**JIM PETRO**  
Auditor of State

June 28, 2000



**HARRISON TOWNSHIP  
PICKAWAY 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	\$42,299	\$324,205	\$79,755	\$446,259
Intergovernmental	46,824	92,720	0	139,544
Charges for Services	0	230,519	0	230,519
Licenses, Permits, and Fees	2,351	16,300	0	18,651
Interest	21,001	2,567	0	23,568
Other Receipts	1,909	34,087	0	35,996
	<u>114,384</u>	<u>700,398</u>	<u>79,755</u>	<u>894,537</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Current:				
General Government	82,801	0	0	82,801
Public Safety	0	520,519	0	520,519
Public Works	420	111,234	0	111,654
Health	7,614	14,722	0	22,336
Debt Service:				
Redemption of Principal	0	0	46,900	46,900
Interest and Fiscal Charges	0	0	7,192	7,192
Capital Outlay	0	119,289	0	119,289
	<u>90,835</u>	<u>765,764</u>	<u>54,092</u>	<u>910,691</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>23,549</u>	<u>(65,366)</u>	<u>25,663</u>	<u>(16,154)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes	0	69,000	0	69,000
	<u>0</u>	<u>69,000</u>	<u>0</u>	<u>69,000</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	23,549	3,634	25,663	52,846
Fund Cash Balances, January 1, 1999	<u>107,728</u>	<u>527,273</u>	<u>23,225</u>	<u>658,226</u>
<b>Fund Cash Balances, December 31, 1999</b>	<u><b>\$131,277</b></u>	<u><b>\$530,907</b></u>	<u><b>\$48,888</b></u>	<u><b>\$711,072</b></u>
Reserve for Encumbrances, December 31, 1999	<u>\$574</u>	<u>\$8,939</u>	<u>\$0</u>	<u>\$9,513</u>

**HARRISON TOWNSHIP  
PICKAWAY 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Local Taxes	\$42,488	\$271,064	\$57,035	\$0	\$370,587
Intergovernmental	24,347	86,602	0	37,627	148,576
Charges for Services	0	212,714	0	0	212,714
Licenses, Permits, and Fees	525	10,550	0	0	11,075
Interest	21,281	2,952	0	0	24,233
Other Receipts	2,353	29,027	0	0	31,380
<b>Total Cash Receipts</b>	<b>90,994</b>	<b>612,909</b>	<b>57,035</b>	<b>37,627</b>	<b>798,565</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	74,490	0	0	0	74,490
Public Safety	0	418,429	0	0	418,429
Public Works	350	136,440	0	0	136,790
Health	6,610	13,010	0	0	19,620
Debt Service:					
Redemption of Principal	0	0	46,900	0	46,900
Interest and Fiscal Charges	0	0	10,360	0	10,360
Capital Outlay	0	8,259	0	37,627	45,886
<b>Total Cash Disbursements</b>	<b>81,450</b>	<b>576,138</b>	<b>57,260</b>	<b>37,627</b>	<b>752,475</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>9,544</b>	<b>36,771</b>	<b>(225)</b>	<b>0</b>	<b>46,090</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Total Other Financing Receipts/(Disbursements)	0	0	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,544	36,771	(225)	0	46,090
Fund Cash Balances, January 1, 1998	98,184	490,502	23,450	0	612,136
<b>Fund Cash Balances, December 31, 1998</b>	<b>\$107,728</b>	<b>\$527,273</b>	<b>\$23,225</b>	<b>\$0</b>	<b>\$658,226</b>
Reserve for Encumbrances, December 31, 1998	\$574	\$11,105	\$0	\$0	\$11,679

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



**HARRISON TOWNSHIP  
PICKAWAY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Harrison Township, Pickaway County, Ohio (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.

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:

**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.

**HARRISON TOWNSHIP  
PICKAWAY COUNTY**

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

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

Fire District Fund - This fund receives tax proceeds and charges for services receipts to fund the Township's fire

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness issued for the construction of the Township's Firehouse and the purchase of firefighting equipment.

**4. 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 established a capital projects fund to account for Issue II monies received from the Ohio Public Works Commission for road reconstruction and repairs.

**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 and 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. The Township did not encumber all commitments required by Ohio law.

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

**HARRISON TOWNSHIP  
PICKAWAY 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

**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 pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$436,770	\$383,924
Certificates of deposit	274,302	274,302
Total deposits	\$711,072	\$658,226

**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:

<b>1999 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,889	\$114,384	\$28,495
Special Revenue	261,890	769,398	507,508
Debt Service	53,517	79,755	26,238
Total	\$401,296	\$963,537	\$562,241

**HARRISON TOWNSHIP  
PICKAWAY COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$193,375	\$91,409	\$101,964
Special Revenue	1,302,361	774,703	527,658
Debt Service	54,092	54,092	0
Total	<u>\$1,549,828</u>	<u>\$920,692</u>	<u>\$629,622</u>

<b>1998 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$78,137	\$90,994	\$12,857
Special Revenue	591,870	612,909	21,039
Debt Service	56,685	57,035	350
Capital Projects	0	37,627	37,627
Total	<u>\$726,692</u>	<u>\$798,605</u>	<u>\$71,873</u>

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$179,300	\$82,024	\$97,276
Special Revenue	1,063,600	587,243	326,367
Debt Service	57,260	57,260	0
Capital Projects	0	37,627	(\$37,627)
Total	<u>\$1,300,160</u>	<u>\$801,781</u>	<u>\$386,016</u>

The Township did not always certify their expenditures at the time the purchase commitment was made. This is not in compliance Ohio Rev. Code Section 5705.41(D)

**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  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(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
Fire Engine Note	\$80,000	5.75%
Ambulance Note	69,000	5.20%
Total	\$149,000	

The general obligation notes for the purchase of a new fire engine and ambulance were issued through the local bank. Debt payments are payable in semi-annual installments. The debt will be paid from the general resources of the Township.

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

Year ending December 31:	Fire Engine Note	Ambulance Note
2000	\$24,025	\$26,588
2001	22,875	25,392
2002	21,725	24,196
2003	20,575	0
Subsequent	0	0
Total	\$89,200	\$76,176

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**HARRISON TOWNSHIP  
PICKAWAY COUNTY**

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

**6. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. 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.

**7. RISK MANAGEMENT**

The Township has obtained insurance coverage through the Ohio Township Association Risk Management Agreement (OTARMA) for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

**8. CONTINGENT LIABILITIES**

The Township is the defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Township's financial condition.



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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Harrison Township  
Pickaway County  
290 East Main Street  
Ashville, Ohio 43103

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Pickaway 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 June 28, 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, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of finding as item 1999-40665-001. We, also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 28, 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 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 June 28, 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 loop at the end.

**JIM PETRO**  
Auditor of State

June 28, 2000



HARRISON TOWNSHIP  
PICKAWAY COUNTY

SCHEDULE OF FINDING  
DECEMBER 31, 1999 AND 1998

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

Finding Number	1999-40665-001
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**Clerk Certification**

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides an exception to the above requirement:

Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Center may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

Thirty three percent of the disbursements tested were not certified by the fiscal officer until the time of payment. There was no indication a "Then and Now Certificates" was used.

We recommend that the Township follow the provisions of the aforementioned code section to enhance budgetary control over expenditures.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**HARRISON TOWNSHIP**

**PICKAWAY 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  
SEPTEMBER 14, 2000**