



**HARRISON TOWNSHIP
MONTGOMERY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HARRISON TOWNSHIP
MONTGOMERY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Harrison Township
Montgomery County
5945 N. Dixie Drive
Dayton, Ohio 45414

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Montgomery County, 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 auditing standards generally accepted in the United States of America 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, Montgomery 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 July 10, 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.

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 10, 2001

**HARRISON TOWNSHIP
MONTGOMERY 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>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$218,206	\$4,929,407	721		\$5,148,334
Intergovernmental	1,183,691	606,447		\$638,108	2,428,246
Special Assessments		168,577			168,577
Charges for Services		1,654,259			1,654,259
Licenses, Permits, and Fees	35,783				35,783
Fines, Forfeitures, and Penalties	11,389				11,389
Earnings on Investments	578,084	15,739			593,823
Other Revenue	276,072	117,599			393,671
Total Cash Receipts	<u>2,303,225</u>	<u>7,492,028</u>	<u>721</u>	<u>638,108</u>	<u>10,434,082</u>
Cash Disbursements:					
Current:					
General Government	1,153,790				1,153,790
Public Safety		4,237,176			4,237,176
Public Works	10,000	2,397,648			2,407,648
Health	1,025				1,025
Conservation - Recreation	58,705				58,705
Debt Service:					
Redemption of Principal			\$35,008		35,008
Interest and Fiscal Charges			33,900		33,900
Capital Outlay	210,531	304,378		674,807	1,189,716
Total Cash Disbursements	<u>1,434,051</u>	<u>6,939,202</u>	<u>68,908</u>	<u>674,807</u>	<u>9,116,968</u>
Total Receipts Over/(Under) Disbursements	<u>869,174</u>	<u>552,826</u>	<u>(68,187)</u>	<u>(36,699)</u>	<u>1,317,114</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		279,777		3,486,699	3,766,476
Advances-In			45,542		45,542
Transfers-Out	(3,766,476)				(3,766,476)
Advances-Out	(45,542)				(45,542)
Total Other Financing Receipts/(Disbursements)	<u>(3,812,018)</u>	<u>279,777</u>	<u>45,542</u>	<u>3,486,699</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,942,844)	832,603	(22,645)	3,450,000	1,317,114
Fund Cash Balances, January 1	5,663,265	2,760,431	22,645	0	8,446,341
Fund Cash Balances, December 31	<u>\$2,720,421</u>	<u>\$3,593,034</u>	<u>\$0</u>	<u>\$3,450,000</u>	<u>\$9,763,455</u>

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

**HARRISON TOWNSHIP
MONTGOMERY 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>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$199,095	\$4,805,589			\$5,004,684
Intergovernmental	1,115,392	596,681		\$740,186	2,452,259
Special Assessments		174,787			174,787
Charges for Services		1,699,262			1,699,262
Licenses, Permits, and Fees	37,883				37,883
Fines, Forfeitures, and Penalties	20,631				20,631
Earnings on Investments	441,283	11,427			452,710
Other Revenue	319,223	61,609			380,832
Total Cash Receipts	<u>2,133,507</u>	<u>7,349,355</u>		<u>740,186</u>	<u>10,223,048</u>
Cash Disbursements:					
Current:					
General Government	1,050,928				1,050,928
Public Safety		3,927,595			3,927,595
Public Works	10,000	2,181,390		192,814	2,384,204
Health	800				800
Conservation - Recreation	66,060				66,060
Debt Service:					
Redemption of Principal			\$35,000		35,000
Interest and Fiscal Charges			27,583		27,583
Capital Outlay	198,473	1,144,895		622,522	1,965,890
Total Cash Disbursements	<u>1,326,261</u>	<u>7,253,880</u>	<u>62,583</u>	<u>815,336</u>	<u>9,458,060</u>
Total Receipts Over/(Under) Disbursements	<u>807,246</u>	<u>95,475</u>	<u>(62,583)</u>	<u>(75,150)</u>	<u>764,988</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		142,727		75,150	217,877
Transfers-Out	(217,877)				(217,877)
Total Other Financing Receipts/(Disbursements)	<u>(217,877)</u>	<u>142,727</u>		<u>75,150</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>589,369</u>	<u>238,202</u>	<u>(62,583)</u>		<u>764,988</u>
Fund Cash Balances, January 1	<u>5,073,896</u>	<u>2,522,229</u>	<u>85,228</u>		<u>7,681,353</u>
Fund Cash Balances, December 31	<u>\$5,663,265</u>	<u>\$2,760,431</u>	<u>\$22,645</u>	<u>\$0</u>	<u>\$8,446,341</u>

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

**HARRISON TOWNSHIP
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Harrison Township, Montgomery 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 contracts with the Montgomery County Sheriff's Office to provide security of persons and property.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Garbage and Waste Fund - This fund receives garbage and waste fee receipts for garbage collection services provided to the citizens of Harrison Township.

Police District Fund - Receives property tax money to provide police services to the citizens of Harrison Township.

Fire District Fund - Receives property tax money to provide fire fighting services to the citizens of Harrison Township.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Tax Increment Revenue Note Fund - Financing for the development of The Executive Commercial Park.

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 had the following significant capital project funds:

Issue II Fund - The Township received a grant from the State of Ohio to replace a culvert on Any Avenue.

Public Works Commission Project Fund - The Township receives direct and on-behalf payments from the Ohio Public Works Commission for road construction.

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.

**HARRISON TOWNSHIP
MONTGOMERY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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>\$216,609</u>	<u>\$73,462</u>
Total deposits	<u>216,609</u>	<u>73,462</u>
STAR Ohio	<u>9,546,846</u>	<u>8,372,879</u>
Total investments	<u>9,546,846</u>	<u>8,372,879</u>
Total deposits and investments	<u><u>\$9,763,455</u></u>	<u><u>\$8,446,341</u></u>

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**HARRISON TOWNSHIP
MONTGOMERY COUNTY**

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

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	\$2,240,927	\$2,303,235	\$62,308
Special Revenue	7,372,591	7,771,805	399,214
Debt Service	721	721	0
Capital Projects	638,108	4,124,807	3,486,699
Total	\$10,252,347	\$14,200,568	\$3,948,221

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,966,658	\$5,200,527	(\$1,233,869)
Special Revenue	8,252,801	6,939,202	1,313,599
Debt Service	60,000	68,908	(8,908)
Capital Projects	726,959	674,807	52,152
Total	\$13,006,418	\$12,883,444	\$122,974

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,466,956	\$2,133,507	\$666,551
Special Revenue	8,742,535	7,492,082	(1,250,453)
Debt Service	60,000	0	(60,000)
Capital Projects	1,254,900	815,336	(439,564)
Total	\$11,524,391	\$10,440,925	(\$1,083,466)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,009,425	\$1,544,138	\$1,465,287
Special Revenue	8,196,009	7,253,880	942,129
Debt Service	62,583	62,583	0
Capital Projects	1,254,900	815,336	439,564
Total	\$12,522,917	\$9,675,937	\$2,846,980

**HARRISON TOWNSHIP
MONTGOMERY COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

The township did not comply with Section 5705.39 of the Ohio Revised Code. The appropriations exceeded estimated resources during 2000 in the Debt Service and Capital Projects funds.

The township did not comply with Section 5705.41(B) of the Ohio Revised Code. Expenditures exceeded appropriations during 2000 in the General and Debt Service funds.

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>Principal</u>	<u>Interest Rate</u>
Tax Increment Revenue Notes	530,000	6%

The tax increment revenue notes were issued to finance the development of the Executive Commercial Park. The notes are collateralized solely by the Township's taxing authority.

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

<u>Year ending December 31:</u>	<u>Tax Increment Revenue Note</u>
2001	\$71,800
2002	69,400
2003	77,000
2004	74,000
2005	71,000
Subsequent	355,800
Total	\$719,000

**HARRISON TOWNSHIP
MONTGOMERY COUNTY**

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

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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July through December 2000. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public entity management liability
- Crime protection coverage summary
- Umbrella excess liability protection.

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



STATE OF OHIO
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
Montgomery County
5945 North Dixie Drive
Dayton, Ohio 45414

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Montgomery County, (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 10, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings, as items 2000-40357-001 and 2000-40357-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 10, 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 July 10, 2001.

Harrison Township
Montgomery 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

July 10, 2001

**HARRISON TOWNSHIP
MONTGOMERY 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 2000-40357-001

Noncompliance Citation

Section 5705.39 of the Ohio Rev Code states that the total appropriation from each fund should not exceed the total estimated resources. During the fiscal year 2000, the TIF Bond Fund appropriation amount exceeded estimated resources by \$36,634 or 157%, and the OWPC/Wadsworth Rd Capital Projects Fund appropriation amount exceeded estimated resources by \$88,850.63 or 14%. There were other immaterial instances noted. Since the appropriations exceeded the total estimated resources for these funds, expenditures could be made where funds are not available. Therefore, the township did not comply with the Ohio Revised Code. The township should not appropriate funds that exceed the total estimated resources.

FINDING NUMBER 2000-40357-002

Noncompliance Citation

Section 5705.41 (B) of the Ohio Rev Code states that no subdivision or taxing unit is to expend money unless it has been appropriated. The Township expenditures exceeded appropriations in 2000. The General Fund had expenditures of \$5,200,527 while the appropriations were \$3,966,658, and the Debt Service Fund had expenditures of \$68,908 while the appropriations were \$60,000. The Township should implement policies and procedures to comply with the appropriation requirements.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HARRISON TOWNSHIP

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 28, 2001**