

**HARRISON TOWNSHIP**  
**AUDIT REPORT**  
**JANUARY 1, 2003 – DECEMBER 31, 2004**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Harrison Township, Perry County  
309 Elizabeth Street  
Crooksville, Ohio 43731

We have reviewed the *Independent Auditor's Report* of Harrison Township, Perry County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2003 to December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Harrison Township, Perry County is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

September 26, 2005

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**HARRISON TOWNSHIP  
PERRY COUNTY**

**ELECTED OFFICIALS  
AS OF DECEMBER 31, 2004**

<u>NAME</u>	<u>TITLE</u>	<u>TERM</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Timothy Danielson	Trustee	01/01/02-12/31/05 (A)		\$5,000	(B)
Barney Printz	Trustee	01/01/04-12/31/07 (A)		\$5,000	(B)
Freddie Dixon	Trustee	01/01/02-12/31/05 (A)		\$5,000	(B)
Khristine Dorsey 309 Elizabeth Street Crooksville, OH 43731	Clerk	04/01/04-03/31/08 (A)		\$5,000	(B)

**STATUTORY LEGAL COUNSEL**

Joseph Flautt, Prosecutor  
Perry County  
111 North High Street  
P.O. Box 569  
New Lexington, OH 43764

- (A) Ohio Township Association Risk Management Authority
- (B) Concurrent with term

**HARRISON TOWNSHIP  
PERRY COUNTY**

**INDEX OF FUNDS**

**GOVERNMENTAL FUND TYPES**

**General Fund Type:**

General Fund

**Special Revenue Fund Types:**

Motor Vehicle License Tax Fund

Gasoline Tax Fund

Road and Bridge Fund

Cemetery Fund

Fire Fund

EMS Fund

Joint Cemetery Fund

Miscellaneous Special Revenue (FEMA) Fund

**WOLFE, WILSON, & PHILLIPS, INC.**  
**37 SOUTH SEVENTH STREET**  
**ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Harrison Township  
Perry County  
309 Elizabeth Street  
Crooksville, Ohio 43731

We have audited the accompanying financial statements of Harrison Township, Perry County as of and for the years ended December 31, 2004 and 2003. 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 and *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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Harrison Township, Perry County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

Harrison Township  
Independent Auditors' Report  
Page two

The aforementioned revision to generally accepted accounting principles also require the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 29, 2005, on our consideration of Harrison Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in conjunction with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
August 29, 2005

**HARRISON TOWNSHIP  
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES-  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General	Special Revenue	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>			
Local taxes	\$ 16,646	\$ 123,924	\$ 140,570
Intergovernmental	29,053	81,984	111,037
Charges for services	-	9,200	9,200
Licenses, permits and fees	-	5,200	5,200
Interest	235	112	347
Miscellaneous	-	88,901	88,901
<b>TOTAL CASH RECEIPTS</b>	<b>45,934</b>	<b>309,321</b>	<b>355,255</b>
<b>CASH DISBURSEMENTS:</b>			
Current:			
General government	37,137	-	37,137
Public safety services	-	109,230	109,230
Public work activities	-	152,445	152,445
Public health services	-	12,293	12,293
Other	-	46,098	46,098
<b>TOTAL CASH DISBURSEMENTS</b>	<b>37,137</b>	<b>320,066</b>	<b>357,203</b>
<b>TOTAL RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS</b>	<b>8,797</b>	<b>(10,745)</b>	<b>(1,948)</b>
<b>OTHER FINANCING RECEIPTS/ (DISBURSEMENTS):</b>			
Other sources	20	-	20
<b>TOTAL OTHER FINANCING RECEIPTS/ (DISBURSEMENTS):</b>	<b>20</b>	<b>-</b>	<b>20</b>
<b>EXCESS OF CASH RECEIPTS AND OTHER FINANCING RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS AND OTHER FINANCING DISBURSEMENTS</b>	<b>8,817</b>	<b>(10,745)</b>	<b>(1,928)</b>
<b>FUND CASH BALANCES, JANUARY 1</b>	<b>25,123</b>	<b>96,621</b>	<b>121,744</b>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<b>\$ 33,940</b>	<b>\$ 85,876</b>	<b>119,816</b>

See notes to financial statements.

**HARRISON TOWNSHIP  
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES-  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	General	Special Revenue	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>			
Local taxes	\$ 15,409	\$ 108,269	\$ 123,678
Intergovernmental	32,731	100,894	133,625
Charges for services	-	5,600	5,600
Licenses, permits and fees	-	13,800	13,800
Interest	394	136	530
Miscellaneous	-	4,162	4,162
<b>TOTAL CASH RECEIPTS</b>	<b>48,534</b>	<b>232,861</b>	<b>281,395</b>
<b>CASH DISBURSEMENTS:</b>			
Current:			
General government	55,326	-	55,326
Public safety services	-	83,946	83,946
Public work activities	-	82,783	82,783
Public health services	-	22,026	22,026
Other	-	-	-
<b>TOTAL CASH DISBURSEMENTS</b>	<b>55,326</b>	<b>188,755</b>	<b>244,081</b>
<b>TOTAL RECEIPTS OVER(UUNDER) CASH DISBURSEMENTS</b>	<b>(6,792)</b>	<b>44,106</b>	<b>37,314</b>
<b>OTHER FINANCING RECEIPTS/ (DISBURSEMENTS):</b>			
Other sources	140	-	140
<b>TOTAL OTHER FINANCING RECEIPTS/ (DISBURSEMENTS):</b>	<b>140</b>	<b>-</b>	<b>140</b>
<b>EXCESS OF CASH RECEIPTS AND OTHER FINANCING RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS AND OTHER FINANCING DISBURSEMENTS</b>	<b>(6,652)</b>	<b>44,106</b>	<b>37,454</b>
<b>FUND CASH BALANCES, JANUARY 1</b>	<b>31,775</b>	<b>52,515</b>	<b>84,290</b>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<b>\$ 25,123</b>	<b>\$ 96,621</b>	<b>121,744</b>

See notes to financial statements.

**HARRISON TOWNSHIP  
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

Harrison Township, Perry County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Roseville and the Village of Crooksville to provide fire services and ambulance services.

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

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. 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**

Interest earned is recognized and recorded when received.

**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  
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**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 Funds:

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

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

**Fire Fund** – This fund receives property tax money to pay for the fire protection services provided to the Township through contracts with the Village of Crooksville and the Village of Roseville.

**Miscellaneous Special Revenue (FEMA) Fund** – This fund receives money from the Federal Emergency Management Agency to pay for costs incurred from disasters.

**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 function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**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  
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. Summary of Significant Accounting Policies (continued)**

**E. Budgetary Process (Continued)**

**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 2004 and 2003 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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**2. Equity in Pooled Cash**

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>2004</u>	<u>2003</u>
Demand deposits	<u>\$ 119,816</u>	<u>\$ 121,744</u>

**Deposits:**

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

**HARRISON TOWNSHIP  
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

**2004 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	48,625	45,954	(2,671)
Special Revenue	<u>243,645</u>	<u>309,321</u>	<u>65,676</u>
Total	<u>\$ 292,270</u>	<u>\$ 355,275</u>	<u>\$ 63,005</u>

**2004 Budgeted vs. Actual Budgetary Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ -	37,137	(37,137)
Special Revenue	<u>-</u>	<u>320,066</u>	<u>(320,066)</u>
Total	<u>\$ -</u>	<u>\$ 357,203</u>	<u>(357,203)</u>

**2003 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 54,025	\$ 48,674	\$ (5,351)
Special Revenue	<u>248,350</u>	<u>232,861</u>	<u>(15,489)</u>
Total	<u>\$ 302,375</u>	<u>\$ 281,535</u>	<u>\$ (20,840)</u>

**2003 Budgeted vs. Actual Budgetary Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ -	\$ 55,326	\$ (55,326)
Special Revenue	<u>-</u>	<u>188,755</u>	<u>(188,755)</u>
Total	<u>\$ -</u>	<u>\$ 244,081</u>	<u>\$ (244,081)</u>

**HARRISON TOWNSHIP  
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**3. Budgetary Activity (Continued)**

Contrary to Ohio Revised Code, the Township did not pass permanent appropriation measures for 2004 and 2003. Consequently, during 2004 and 2003, all expenditures made by the Township exceeded appropriations, contrary to Ohio Revised Code Section 5705.41(B).

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. Retirement Systems**

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement health care, 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 2004 and 2003, 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, 2004.

**HARRISON TOWNSHIP  
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**6. Risk Management**

**Risk Pool Management**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained Earnings	\$17,046,241	\$16,000,923

**HARRISON TOWNSHIP  
PERRY COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**6. Risk Management (Continued)**

**Risk Pool Management (Continued)**

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained Earnings	\$7,045,167	\$6,040,104

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENT PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

Harrison Township  
Perry County  
309 Elizabeth Street  
Crooksville, Ohio 43731

We have audited the financial statements of Harrison Township as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 29, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Harrison Township internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide an opinion 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 weakness. A material weakness is a reportable 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 caused by error or fraud 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 internal control over financial reporting that we have reported to management in a separate letter dated August 29, 2005.

**Compliance**

As part of obtaining reasonable assurance about whether Harrison Township's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2004-01 through 2004-03. Also, we noted immaterial instances of noncompliance that we have reported to management of Harrison Township in a separate letter dated August 29, 2005.

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

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
August 29, 2005

**HARRISON TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004**

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

**FINDING NUMBER 2004-01**

**Noncompliance Citation**

Ohio Revised Code Section 5705.38 states that on or about the first day of each fiscal year, an appropriation measure is to be passed. No appropriation measure shall become effective until the County Auditor files with the appropriating authority a certificate that total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official certificate.

There was no evidence presented for audit to indicate that an annual appropriation measure was approved by the Township Trustees or submitted to the County Auditor for 2004 or 2003. It appears that a temporary appropriation measure was passed in December 2003 and 2002 for each year, but an annual appropriation measure was not passed.

We recommend the Township Trustees approve, and state in the minutes as evidenced of approval, an appropriation measure on or about the first of the year. This appropriation measure should be submitted to the County Auditor by the same date.

**FINDING NUMBER 2004-02**

**Noncompliance Citation**

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit shall expend any money unless it has been properly appropriated.

All expenditures made during 2004 and 2003 were made without properly being appropriated. This amounted to \$357,203 and \$244,044, respectively, being expended each year without any budgetary expenditure amount being passed to restrict expenditures.

We recommend the Township Trustees approve, and state in the minutes as evidence of approval, an appropriation measure on or about the first day of the year. This appropriation measure should be submitted to the County Auditor by the same date. The Clerk should deny any payment that would cause expenditures to exceed appropriations.

**HARRISON TOWNSHIP  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004**

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

**FINDING NUMBER 2004-03**

**Noncompliance Citation**

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. 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.

Prior certification was not obtained for 38.1% of the expenditures tested.

The Clerk should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of council against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**HARRISON TOWNSHIP**

**PERRY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 6, 2005**