



**HARRISON TOWNSHIP
ROSS COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HARRISON TOWNSHIP
ROSS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Nonexpendable Trust Fund For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1998	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Nonexpendable Trust Fund For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Finding	13

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Harrison Township
Ross County
7489 Charleston Pike
Chillicothe, Ohio 45601

We have audited the accompanying financial statements of Harrison Township, Ross 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 of Harrison Township, Ross 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 19, 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 19, 2000

**HARRISON TOWNSHIP
ROSS 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**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$10,405	\$13,969	\$24,374
Intergovernmental	62,987	64,321	127,308
Licenses, Permits, and Fees	0	890	890
Interest	6,052	2,262	8,314
Other Receipts	7,328	600	7,928
 Total Cash Receipts	 86,772	 82,042	 168,814
Cash Disbursements:			
Current:			
General Government	66,260	0	66,260
Public Safety	11,185	29,810	40,995
Public Works	4,066	48,139	52,205
Health	2,618	1,800	4,418
Capital Outlay	26,500	14,720	41,220
 Total Cash Disbursements	 110,629	 94,469	 205,098
 Total Cash Receipts Over/(Under) Cash Disbursements	 (23,857)	 (12,427)	 (36,284)
Other Financing Receipts/(Disbursements):			
Proceeds from Sale of Equipment	13,500	0	13,500
Transfers-In	0	35,000	35,000
Transfers-Out	(35,000)		(35,000)
 Total Other Financing Receipts/(Disbursements)	 (21,500)	 35,000	 13,500
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (45,357)	 22,573	 (22,784)
 Fund Cash Balances, January 1	 112,520	 76,035	 188,555
 Fund Cash Balances, December 31	 \$67,163	 \$98,608	 \$165,771

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

HARRISON TOWNSHIP
ROSS COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Nonexpendable</u> <u>Trust</u>
Cash Receipts:	
Interest	<u>\$1,706</u>
Fund Cash Balance, January 1	<u>67,349</u>
Fund Cash Balance, December 31	<u><u>\$69,055</u></u>

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

**HARRISON TOWNSHIP
ROSS 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	
Cash Receipts:			
Local Taxes	\$9,840	\$13,200	\$23,040
Intergovernmental	36,801	54,705	91,506
Licenses, Permits, and Fees	0	250	250
Interest	9,333	1,465	10,798
Other Receipts	3,983	1,149	5,132
 Total Cash Receipts	 59,957	 70,769	 130,726
Cash Disbursements:			
Current:			
General Government	56,294	0	56,294
Public Safety	12,157	0	12,157
Public Works	162	86,814	86,976
Health	1,660	1,494	3,154
Capital Outlay	45,928		45,928
 Total Cash Disbursements	 116,201	 88,308	 204,509
 Total Cash Receipts Over/(Under) Cash Disbursements	 (56,244)	 (17,539)	 (73,783)
Other Financing Receipts/(Disbursements):			
Proceeds from Sale of Equipment	4,500	0	4,500
 Total Other Financing Receipts/(Disbursements)	 4,500	 0	 4,500
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (51,744)	 (17,539)	 (69,283)
 Fund Cash Balances, January 1	 164,264	 93,574	 257,838
 Fund Cash Balances, December 31	 \$112,520	 \$76,035	 \$188,555

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

HARRISON TOWNSHIP
ROSS COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Nonexpendable Trust</u>
Cash Receipts:	
Interest	<u>\$2,484</u>
Fund Cash Balance, January 1	<u>64,865</u>
Fund Cash Balance, December 31	<u>\$67,349</u>

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

**HARRISON TOWNSHIP
ROSS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Harrison Township, Ross 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. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

3. Fiduciary Fund (Trust Fund)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

**HARRISON TOWNSHIP
ROSS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Fiduciary Fund (Trust Fund) (Continued)

Nonexpendable Trust - Cemetery Bequest - This fund receives interest earnings from a Certificate of Deposit, the proceeds to be used for the upkeep and maintenance of designated cemetery plots.

D. 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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

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

E. 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

The Township maintains a cash pool used by all funds. The cash deposit balances at December 31 were as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$224,826	\$190,940
Certificates of deposit	<u>10,000</u>	<u>64,964</u>
Total deposits	<u>\$234,826</u>	<u>\$255,904</u>

**HARRISON TOWNSHIP
ROSS COUNTY**

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

2. EQUITY IN POOLED CASH (Continued)

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$79,906	\$100,272	\$20,366
Special Revenue	167,575	117,042	(50,533)
Fiduciary	2,000	1,706	(294)
Total	<u>\$249,481</u>	<u>\$219,020</u>	<u>(\$30,461)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$189,303	\$145,629	\$43,674
Special Revenue	135,500	94,469	41,031
Fiduciary	20,000	0	20,000
Total	<u>\$344,803</u>	<u>\$240,098</u>	<u>\$104,705</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,467	\$64,457	(\$42,010)
Special Revenue	76,326	70,769	(5,557)
Fiduciary	2,500	2,484	(16)
Total	<u>\$185,293</u>	<u>\$137,710</u>	<u>(\$47,583)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$199,303	\$116,201	\$83,102
Special Revenue	117,500	88,308	29,192
Fiduciary	50,000	0	50,000
Total	<u>\$366,803</u>	<u>\$204,509</u>	<u>\$162,294</u>

**HARRISON TOWNSHIP
ROSS COUNTY**

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

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.

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 full-time employee belongs 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, 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.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Inland Marine
- Blanket Bond

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Board of Trustees
Harrison Township
Ross County
7489 Charleston Pike
Chillicothe, Ohio 45601

We have audited the accompanying financial statements of Harrison Township, Ross 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 19, 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 audits 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 June 19, 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. A reportable condition involves a matter coming to our attention relating to a significant deficiency 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 item 1999-40771-001.

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 do not believe the reportable condition described above is a material weakness.

We also noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of Township in a separate letter dated June 19, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

June 19, 2000

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

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

Finding Number	1999-40771-001
-----------------------	----------------

Contracts

The Township appropriates \$35,000 annually to the Volunteer Fire Department and is the primary funding source for Harrison Township Volunteer Fire Department. However, the Township is unaware of any contract between itself and the Fire Department which outlines the services to be provided or how the money is to be spent. The Volunteer Fire Department is not legally required to obtain the Township's approval on expenditures or report to the Township the use of the funds, unless provided in a contract. This situation does not allow the Township to properly monitor its funding of the Volunteer Fire Department.

To monitor the effectiveness of its appropriations, we recommend that the Township enter into a contract with the Volunteer Fire Department which outlines among other things the services to be provided to the Township, how the \$35,000 annual appropriation is to be spent, and what financial and/or nonfinancial information is required to be submitted to the Township on a periodic basis. This information should be obtained and monitored by the Township Trustees to insure that the funding is spent in accordance with the Township's purpose.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HARRISON TOWNSHIP

ROSS 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 3, 2000**