



**HARRISON TOWNSHIP
KNOX COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HARRISON TOWNSHIP
KNOX COUNTY

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

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

REPORT OF INDEPENDENT ACCOUNTANTS

Harrison Township
Knox County
8599 Horn Road
Gambier, Ohio 43022

To The Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 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 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, Knox County, Ohio as of December 31, 2000 and December 31, 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 March 14, 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 of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

March 14, 2001

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**HARRISON TOWNSHIP
KNOX 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$8,600	\$23,083	\$0	\$0	\$31,683
Intergovernmental	20,584	66,476	0	15,647	102,707
Licenses, Permits, and Fees	957	250	0	0	1,207
Earnings on Investments	556	409	0	0	965
Other Revenue	2,517	0	0	0	2,517
	33,214	90,218	0	15,647	139,079
Total Cash Receipts					
	33,214	90,218	0	15,647	139,079
Cash Disbursements:					
Current:					
General Government	22,226	0	0	0	22,226
Public Safety	0	11,423	0	0	11,423
Public Works	9,751	69,363	0	0	79,114
Health	1,648	0	0	0	1,648
Redemption of Principal	0	0	5,490	0	5,490
Interest and Fiscal Charges	0	0	671	0	671
Capital Outlay	3,500	55,084	0	15,647	74,231
	37,125	135,870	6,161	15,647	194,803
Total Cash Disbursements					
	37,125	135,870	6,161	15,647	194,803
Total Receipts Over/(Under) Disbursements	(3,911)	(45,652)	(6,161)	0	(55,724)
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes	0	45,000	0	0	45,000
Sale of Fixed Assets	0	4,102	0	0	4,102
Transfers-In	0	0	4,868	0	4,868
Transfers-Out	0	(4,868)	0	0	(4,868)
	0	44,234	4,868	0	49,102
Total Other Financing Receipts/(Disbursements)					
	0	44,234	4,868	0	49,102
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,911)	(1,418)	(1,293)	0	(6,622)
Fund Cash Balances, January 1, 2000	7,825	20,345	3,563	0	31,733
Fund Cash Balances, December 31, 2000	\$3,914	\$18,927	\$2,270	\$0	\$25,111

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

**HARRISON TOWNSHIP
KNOX 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>	
Cash Receipts:				
Local Taxes	\$6,968	\$19,830	\$0	\$26,798
Intergovernmental	21,636	66,399	0	88,035
Licenses, Permits, and Fees	1,780	0	0	1,780
Earnings on Investments	581	394	0	975
Other Revenue	1,273	0	0	1,273
Total Cash Receipts	<u>32,238</u>	<u>86,623</u>	<u>0</u>	<u>118,861</u>
Cash Disbursements:				
Current:				
General Government	30,498	0	0	30,498
Public Safety	0	11,419	0	11,419
Public Works	7,218	68,995	0	76,213
Health	1,254	0	0	1,254
Redemption of Principal	0	0	5,490	5,490
Interest and Fiscal Charges	0	0	732	732
Capital Outlay	0	2,275	0	2,275
Total Cash Disbursements	<u>38,970</u>	<u>82,689</u>	<u>6,222</u>	<u>127,881</u>
Total Receipts Over/(Under) Disbursements	<u>(6,732)</u>	<u>3,934</u>	<u>(6,222)</u>	<u>(9,020)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	6,026	6,026
Transfers-Out	0	(6,026)	0	(6,026)
Other Sources	57	0	0	57
Total Other Financing Receipts/(Disbursements)	<u>57</u>	<u>(6,026)</u>	<u>6,026</u>	<u>57</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(6,675)</u>	<u>(2,092)</u>	<u>(196)</u>	<u>(8,963)</u>
Fund Cash Balances, January 1, 1999	<u>14,500</u>	<u>22,437</u>	<u>3,759</u>	<u>40,696</u>
Fund Cash Balances, December 31, 1999	<u><u>\$7,825</u></u>	<u><u>\$20,345</u></u>	<u><u>\$3,563</u></u>	<u><u>\$31,733</u></u>

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

**HARRISON TOWNSHIP
KNOX COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Harrison Township, Knox 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, fire protection and emergency medical services. The Township contracts with the Village of Danville to provide fire services and ambulance 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

The Township maintains an interest earning checking account.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to its 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 Fund

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

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

**HARRISON TOWNSHIP
KNOX COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of note indebtedness.

4. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following Capital Project Fund:

Issue II Fund - The Township received a grant from the State of Ohio for culvert work.

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 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.

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.

**HARRISON TOWNSHIP
KNOX COUNTY**

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

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$25,111</u>	<u>\$31,733</u>

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,924	\$33,214	\$290
Special Revenue	85,629	139,320	53,691
Debt Service	4,500	4,868	368
Capital Projects	0	15,647	15,647
Total	<u>\$123,053</u>	<u>\$193,049</u>	<u>\$69,996</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,749	\$37,125	\$3,624
Special Revenue	150,974	140,738	10,236
Debt Service	8,063	6,161	1,902
Capital Projects	15,647	15,647	0
Total	<u>\$215,433</u>	<u>\$199,671</u>	<u>\$15,762</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,238	\$32,295	\$2,057
Special Revenue	76,600	86,623	10,023
Debt Service	6,480	6,026	(454)
Total	<u>\$113,318</u>	<u>\$124,944</u>	<u>\$11,626</u>

**HARRISON TOWNSHIP
KNOX COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$44,737	\$38,970	\$5,767
Special Revenue	99,037	88,715	10,322
Debt Service	6,478	6,222	256
Total	\$150,252	\$133,907	\$16,345

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:

	Principal	Interest Rate
Tractor Note	\$5,490	6%
Dump Truck Note	45,000	7.25%
	\$50,490	

The Dump Truck will be repaid in annual installments of \$9,000, plus interest, over five years.

**HARRISON TOWNSHIP
KNOX COUNTY**

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

5. DEBT (Continued)

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

Year ending December 31:	Tractor Note	Dump Truck Note
2001	\$5,819	\$12,263
2002		11,610
2003		10,958
2004		10,309
2005		9,653
Total	<u>\$5,819</u>	<u>\$54,793</u>

6. RETIREMENT SYSTEMS

All employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. In 1999, the Township contributed an amount equal to 13.55% of participants' gross salaries. In 2000, the average employers' contribution rate was 10.84% of participants' gross salaries. 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
- Errors and omissions

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OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Second Floor
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**

Harrison Township
Knox County
8599 Horn Road
Gambier, Ohio 43022

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Knox County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated March 14, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 14, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 14, 2001.

Harrison Township
Knox 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

March 14, 2001



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

KNOX 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
APRIL 3, 2001**