

**HARRISVILLE TOWNSHIP  
MEDINA COUNTY, OHIO**

**FOR THE YEARS ENDED  
DECEMBER 31, 2000 AND 1999**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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Board of Trustees  
Harrisville Township  
P.O. Box 278  
Lodi, OH 44254

We have reviewed the independent auditor's report of the Harrisville Township, Medina County, prepared by Rea & Associates, Inc., for the audit period January 1, 1999 through December 31, 2000. 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.

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. The Harrisville Township is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

June 29, 2001

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**HARRISVILLE TOWNSHIP  
MEDINA COUNTY, OHIO**

**FOR THE YEARS ENDED  
DECEMBER 31, 2000 AND 1999**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 1, 2001

Board of Trustees  
Harrisville Township  
Medina County, Ohio

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Harrisville Township, Medina County, as of and for the years ended December 31, 2000 and 1999, as listed in the table of contents. These financial statements are the responsibility of the Harrisville 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 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 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 the 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 in Note 1, the Township, prepares its financial statements on the basis of accounting prescribed 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 cash balances of Harrisville Township, Medina County, as of December 31, 2000 and 1999, and the revenues it received and expenditures it paid for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 1, 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 the officials authorized to receive this report under Section 117.26, Ohio Revised Code and it is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*

**HARRISVILLE TOWNSHIP  
MEDINA COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR  
FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types		
	General	Special Revenue	Total (Memorandum Only)
<b>CASH RECEIPTS:</b>			
Taxes	\$ 21,384	\$ 214,279	\$ 235,663
Licenses, Permits, and Fees	1,973	0	1,973
Intergovernmental Receipts	67,366	79,112	146,478
Interest	9,650	3,575	13,225
All Other Revenue	1,147	24,993	26,140
Total Cash Receipts	101,520	321,959	423,479
<b>CASH DISBURSEMENTS:</b>			
General Government	79,764	31,204	110,968
Public Safety	0	79,599	79,599
Public Works	0	202,629	202,629
Health	12,091	0	12,091
Capital Outlay	0	2,000	2,000
Total Cash Disbursements	91,855	315,432	407,287
Total Receipts Over (Under) Disbursements	9,665	6,527	16,192
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Assets	0	550	550
Other Financing Sources	0	0	0
Total Other Financing Sources (Uses)	0	550	550
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	9,665	7,077	16,742
Fund cash balances, beginning of year	185,553	297,152	482,705
<b>Fund cash balances, end of year</b>	<b>\$ 195,218</b>	<b>\$ 304,229</b>	<b>\$ 499,447</b>

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



**HARRISVILLE TOWNSHIP  
MEDINA COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR  
FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types		
	General	Special Revenue	Total (Memorandum Only)
<b>CASH RECEIPTS:</b>			
Taxes	\$ 20,137	\$ 193,865	\$ 214,002
Licenses, Permits, and Fees	2,695	0	2,695
Intergovernmental Receipts	149,210	108,993	258,203
Interest	559	1,678	2,237
All Other Revenue	544	24,288	24,832
Total Cash Receipts	173,145	328,824	501,969
<b>CASH DISBURSEMENTS:</b>			
General Government	99,814	0	99,814
Public Safety	0	61,794	61,794
Public Works	0	166,265	166,265
Health	11,513	0	11,513
Capital Outlay	29,665	81,352	111,017
Total Cash Disbursements	140,992	309,411	450,403
Total Receipts Over (Under) Disbursements	32,153	19,413	51,566
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Assets	0	0	0
Other Financing Sources	10	0	10
Total Other Financing Sources (Uses)	10	0	10
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	32,163	19,413	51,576
Fund cash balances, beginning of year	153,390	277,739	431,129
<b>Fund cash balances, end of year</b>	<b>\$ 185,553</b>	<b>\$ 297,152</b>	<b>\$ 482,705</b>

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

**HARRISVILLE TOWNSHIP  
MEDINA COUNTY, OHIO**

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

**NOTE 1: Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Township of Harrisville, Medina County, is a body politic and corporate 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 maintenance, fire protection, and rescue services.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

The Township holds interim demand deposits.

The Township did not maintain an investment balance during the audit year.

**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:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**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.

**Motor Vehicle License Tax Fund** - This fund receives state motor vehicle license tax money for the construction, repair, and maintenance of township roads and bridges.

**HARRISVILLE TOWNSHIP  
MEDINA COUNTY, OHIO**

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

**NOTE 1: Summary of Significant Accounting Policies (continued)**

**D. Fund Accounting (continued)**

**Gasoline Tax Fund** - This fund receives gasoline tax money for the construction, repair, and maintenance of township roads and bridges.

**Road and Bridges Funds** - These funds receive real estate and personal property tax money for the construction, repair and maintenance of township roads and bridges.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**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.

**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.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when 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 (capital outlays) when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

**HARRISVILLE TOWNSHIP  
MEDINA COUNTY, OHIO**

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

**NOTE 2: Equity in Pooled Cash**

The Township maintains a cash and investment 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:

	2000	1999
Demand Deposits	\$ 499,447	\$ 482,705

**Deposits**

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

**NOTE 3: Budgetary Activity**

Budgetary activity for the years ended December 31, 2000 and 1999 was as follows:

	Budgeted vs. Actual Receipts					
	2000			1999		
	Budgeted Receipts	Actual Receipts	Variance	Budgeted Receipts	Actual Receipts	Variance
General	\$ 97,815	\$ 101,520	\$ 3,705	\$ 67,307	\$ 173,155	\$ 105,848
Special Revenue	293,139	322,509	29,370	264,610	328,824	64,214
Total	\$ 390,954	\$ 424,029	\$ 33,075	\$ 331,917	\$ 501,979	\$ 170,062

	Budgeted vs. Actual Expenditures					
	2000			1999		
	Appropriation Authority	Actual Expenditures	Variance	Appropriation Authority	Actual Expenditures	Variance
General	\$ 257,884	\$ 91,855	\$ 166,029	\$ 182,030	\$ 140,992	\$ 41,038
Special Revenue	484,028	315,432	168,596	530,585	309,411	221,174
Total	\$ 741,912	\$ 407,287	\$ 334,625	\$ 712,615	\$ 450,403	\$ 262,212

**NOTE 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 payments, the first half is due December 31. The second half payment is due the following June 20.

**HARRISVILLE TOWNSHIP  
MEDINA COUNTY, OHIO**

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

**NOTE 4: Property Tax (continued)**

Tangible personal property tax is assessed by the property owners, who must file a list of such property taxes 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.

**NOTE 5: Retirements Systems**

The Township's officials and full-time 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. The Public Employee Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local government divisions. For local government employer units, the 2000 contribution rate was 10.84% of covered payroll.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, 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, 2000.

**NOTE 6: Risk Management**

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). The OTARMA is a consortium of townships that purchase insurance through commercial insurance companies. The Township does not assume the risk of loss beyond its deductible amount up to the limits of the Township's policy.

- Comprehensive property and general liability
- Vehicles
- Public Official's Liability

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

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 1, 2001

The Board of Trustees  
Harrisville Township  
Medina County, Ohio

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Harrisville Township, Medina County, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 1, 2001. We have conducted our audit in accordance with generally accepted auditing standards and 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 Harrisville Township 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 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 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 Harrisville Township in a separate letter dated May 1, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Harrisville 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 weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Harrisville Township in a separate letter dated May 1, 2001.

This report is intended solely for the information of the Board of Trustees, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140  
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**HARRISVILLE TOWNSHIP**

**MEDINA 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  
JULY 17, 2001**