



**Auditor of State  
Betty Montgomery**



HARRISON TOWNSHIP  
MONTGOMERY COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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 (the Township) as of and for the years ended December 31, 2002 and 2001. 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 the Township as of December 31, 2002 and 2001, 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, 2003, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 10, 2003

**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, 2002**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$208,172	\$5,288,378	\$122,585		\$5,619,135
Intergovernmental	1,150,830	948,141			2,098,971
Special Assessments	48,710	172,273			220,983
Charges for Services		1,552,011			1,552,011
Licenses, Permits, and Fees	30,885				30,885
Fines, Forfeitures, and Penalties	18,324				18,324
Earnings on Investments	194,525	8,066			202,591
Other Revenue	578,211	183,799			762,010
	<u>2,229,657</u>	<u>8,152,668</u>	<u>122,585</u>		<u>10,504,910</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	1,397,176				1,397,176
Public Safety		4,896,270			4,896,270
Public Works	10,000	1,976,757			1,986,757
Conservation - Recreation	65,181				65,181
Miscellaneous		12,467	7,079		19,546
Debt Service:					
Redemption of Principal			40,000		40,000
Interest and Fiscal Charges			29,400		29,400
Capital Outlay	11,358	767,011	14,129	9,742	802,240
	<u>1,483,715</u>	<u>7,652,505</u>	<u>90,608</u>	<u>9,742</u>	<u>9,236,570</u>
<b>Total Cash Disbursements</b>					
<b>Total Receipts Over/(Under) Disbursements</b>	<u>745,942</u>	<u>500,163</u>	<u>31,977</u>	<u>(9,742)</u>	<u>1,268,340</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Transfers-In		175,899			175,899
Transfers-Out	(175,899)				(175,899)
	<u>(175,899)</u>	<u>175,899</u>			
<b>Total Other Financing Receipts/(Disbursements)</b>					
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	570,043	676,062	31,977	(9,742)	1,268,340
<b>Fund Cash Balances, January 1</b>	<u>2,813,655</u>	<u>3,799,284</u>		<u>3,445,172</u>	<u>10,058,111</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$3,383,698</b></u>	<u><b>\$4,475,346</b></u>	<u><b>\$31,977</b></u>	<u><b>\$3,435,430</b></u>	<u><b>\$11,326,451</b></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, 2001**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$213,158	\$5,035,030	\$731		\$5,248,919
Intergovernmental	1,035,075	608,767		\$85,131	1,728,973
Special Assessments	12,778	170,163			182,941
Charges for Services		1,456,147			1,456,147
Licenses, Permits, and Fees	35,105				35,105
Fines, Forfeitures, and Penalties	24,812				24,812
Earnings on Investments	408,301	7,437			415,738
Other Revenue	421,589	105,057		7,382	534,028
	<u>2,150,818</u>	<u>7,382,601</u>	<u>731</u>	<u>92,513</u>	<u>9,626,663</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	1,587,578				1,587,578
Public Safety		4,667,821			4,667,821
Public Works	10,000	1,858,193			1,868,193
Health	3,554				3,554
Conservation - Recreation	80,053				80,053
Debt Service:					
Redemption of Principal			40,000		40,000
Interest and Fiscal Charges			31,808		31,808
Capital Outlay	55,581	892,698		104,722	1,053,001
	<u>1,736,766</u>	<u>7,418,712</u>	<u>71,808</u>	<u>104,722</u>	<u>9,332,008</u>
<b>Total Cash Disbursements</b>					
<b>Total Receipts Over/(Under) Disbursements</b>	<u>414,052</u>	<u>(36,111)</u>	<u>(71,077)</u>	<u>(12,209)</u>	<u>294,655</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In		242,360		7,381	249,741
Advances-In			71,077		71,077
Transfers-Out	(249,741)				(249,741)
Advances-Out	(71,077)				(71,077)
	<u>(320,818)</u>	<u>242,360</u>	<u>71,077</u>	<u>7,381</u>	
<b>Total Other Financing Receipts/(Disbursements)</b>					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	93,234	206,249		(4,828)	294,655
Fund Cash Balances, January 1	2,720,421	3,593,035		3,450,000	9,763,456
<b>Fund Cash Balances, December 31</b>	<u><b>\$2,813,655</b></u>	<u><b>\$3,799,284</b></u>	<u><b>\$0</b></u>	<u><b>\$3,445,172</b></u>	<u><b>\$10,058,111</b></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, 2002 AND 2001**

**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 road and bridge maintenance, fire protection, zoning, community development 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**

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.

Treasury Bonds and Notes are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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:

**HARRISON TOWSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**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** – This fund receives property tax money to provide police services to the citizens of Harrison Township.

**Fire District Fund** - This 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 received 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. Appropriations lapse at year end.

**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.

**HARRISON TOWSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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 2002 and 2001 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 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:

	2002	2001
Demand deposits	\$226,337	\$25,848
U.S. Treasury Bonds and Notes	4,521,389	
STAR Ohio	6,578,725	10,032,263
Total investments	11,100,114	10,032,263
Total deposits and investments	\$11,326,451	\$10,058,111

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township.

**Investments:** U.S. Treasury Bonds and Notes are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

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

**HARRISON TOWSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,212,920	\$2,229,657	\$16,737
Special Revenue	8,056,004	8,328,567	272,563
Debt Service	122,585	122,585	0
Capital Projects	0	0	0
Total	<u>\$10,391,509</u>	<u>\$10,680,809</u>	<u>\$289,300</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,259,928	\$1,659,614	\$600,314
Special Revenue	8,829,559	7,652,505	1,177,054
Debt Service	97,703	90,608	7,095
Capital Projects	3,620,894	9,742	3,611,152
Total	<u>\$14,808,084</u>	<u>\$9,412,469</u>	<u>\$5,395,615</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,147,367	\$2,150,818	\$3,451
Special Revenue	7,605,355	7,624,961	19,606
Debt Service	71,808	71,808	0
Capital Projects	96,464	99,894	3,430
Total	<u>\$9,920,994</u>	<u>\$9,947,481</u>	<u>\$26,487</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,635,041	\$2,057,584	\$577,457
Special Revenue	8,859,674	7,418,712	1,440,962
Debt Service	137,808	71,808	66,000
Capital Projects	2,354,262	104,722	2,249,540
Total	<u>\$13,986,785</u>	<u>\$9,652,826</u>	<u>\$4,333,959</u>

The Township did not comply with Section 5705.39 of the Ohio Revised Code. The appropriations exceeded estimated resources during 2002 and 2001 in the Special Revenue, Debt Service and Capital Project Funds.

**HARRISON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Tax Increment Revenue Note	\$450,000	6%

The general obligation bonds were issued to finance the purchase of a new dump truck and plowing equipment to be used for Township road maintenance. The bonds are collateralized solely by the Township's taxing authority.

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

Year ending December 31:	
2003	\$77,000
2004	74,000
2005	71,000
2006	73,000
2007	69,700
2008-2010	<u>213,100</u>
Total	<u><u>\$577,800</u></u>

**HARRISON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2002 and 2001, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001, and PERS members contributed 8.5% of their gross salaries. The Township has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



**Auditor of State  
Betty Montgomery**

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

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 (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 10, 2003. 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 10, 2003.

**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, 2003.

Harrison Township  
Montgomery County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 10, 2003



**HARRISON TOWNSHIP  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**FINDING NUMBER 2002-001**

**Noncompliance Citation**

Ohio Rev Code Section 5705.39 states that total appropriation from each fund should not exceed the total estimated resources. During the fiscal years 2002 and 2001 there were five instances where appropriations exceeded estimated resources:

<b>Fund</b>	<b>Amount Appropriations Exceed Resources</b>	<b>% that Appropriations Exceeded Resources</b>	<b>Fiscal Year</b>
Road & Bridge	392,322	38%	2002
Capital Equipment Fund	2,216,000	100%	2002
Road & Bridge	80,020	7%	2001
Bond Retirement	66,000	92%	2001
OPWC/Wadsworth	41,798	43%	2001

Since the appropriations exceed 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.

**HARRISON TOWNSHIP  
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-40357-001	ORC 5705.39 – Appropriations exceeding estimated resources.	No	Repeated as Finding 2002-001
2000-40357-002	ORC 5705.41(D) – certification of availability of funds prior to purchase commitment.	Yes	



**Auditor of State  
Betty Montgomery**

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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  
SEPTEMBER 9, 2003**