

HARRISON TOWNSHIP

DAYTON REGION, LOGAN COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA

Auditor of State

Board of Trustees
Harrison Township
3133 Road 130
Bellefontaine, Ohio 43311

We have reviewed the *Independent Auditors' Report* of Harrison Township, Logan County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2007 through December 31, 2008. 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 Auditors' 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 Auditors' 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 is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 13, 2009

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**HARRISON TOWNSHIP
LOGAN COUNTY**

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT

Harrison Township
Logan County
3133 Rd 130
Bellefontaine, Ohio 43311

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Logan County, (the Township) as of and for the years ended December 31, 2008 and 2007. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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 GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2008 and 2007, 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, 2008 and 2007, or its changes in financial position for the years 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, Logan County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determines is necessary to supplement, although not required to be a part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2009, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 21, 2009

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**HARRISON TOWNSHIP
LOGAN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 28,276	\$ 45,227	\$ 0	\$ 73,503
Charges for Services	4,186	0	0	4,186
Licenses, Permits, and Fees	2,106	0	0	2,106
Intergovernmental Receipts	24,328	103,310	33,383	161,021
Earnings on Investments	763	616	0	1,379
Miscellaneous	513	0	0	513
	<u>60,172</u>	<u>149,153</u>	<u>33,383</u>	<u>242,708</u>
Total Cash Receipts	\$ 60,172	\$ 149,153	\$ 33,383	\$ 242,708
Cash Disbursements:				
Current:				
General Government	\$ 88,748	\$ 1,013	\$ 0	\$ 89,761
Public Safety	24,186	0	0	24,186
Public Works	13,562	73,069	0	86,631
Health	1,525	0	0	1,525
Capital Outlay	0	0	33,383	33,383
	<u>128,021</u>	<u>74,082</u>	<u>33,383</u>	<u>235,486</u>
Total Cash Disbursements	\$ 128,021	\$ 74,082	\$ 33,383	\$ 235,486
Total Receipts Over/(Under) Disbursements	<u>(67,849)</u>	<u>75,071</u>	<u>0</u>	<u>7,222</u>
Other Financing Receipts/Disbursements				
Sale of Fixed Assets	<u>2,993</u>	<u>0</u>	<u>0</u>	<u>2,993</u>
Total Other Financing Receipts/(Disbursements)	<u>2,993</u>	<u>0</u>	<u>0</u>	<u>2,993</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$ <u>(64,856)</u>	\$ <u>75,071</u>	\$ <u>0</u>	\$ <u>10,215</u>
Fund Cash Balances, January 1,	<u>124,738</u>	<u>112,902</u>	<u>0</u>	<u>237,640</u>
Fund Cash Balances, December 31,	<u><u>\$ 59,882</u></u>	<u><u>\$ 187,973</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 247,855</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**HARRISON TOWNSHIP
LOGAN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
PRIVATE PURPOSE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2008

Cash Receipts:	
Earnings on Investments	\$ <u>1</u>
Total Cash Receipts	\$ <u>1</u>
Fund Cash Balances, January 1,	<u>278</u>
Fund Cash Balances, December 31,	\$ <u><u>279</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**HARRISON TOWNSHIP
LOGAN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 28,862	\$ 46,860	\$ 0	\$ 75,722
Charges for Services	4,186	0	0	4,186
Licenses, Permits, and Fees	3,754	0	0	3,754
Intergovernmental Receipts	55,214	97,257	9,083	161,554
Earnings on Investments	5,475	2,122	0	7,597
Miscellaneous	128	9,083	0	9,211
	<u>97,619</u>	<u>155,322</u>	<u>9,083</u>	<u>262,024</u>
Total Cash Receipts	\$ 97,619	\$ 155,322	\$ 9,083	\$ 262,024
Cash Disbursements:				
Current:				
General Government	\$ 48,261	\$ 0	\$ 0	\$ 48,261
Public Safety	25,085	0	0	25,085
Public Works	0	121,804	0	121,804
Health	1,782	0	0	1,782
Capital Outlay	0	55,270	9,083	64,353
	<u>75,128</u>	<u>177,074</u>	<u>9,083</u>	<u>261,285</u>
Total Cash Disbursements	\$ 75,128	\$ 177,074	\$ 9,083	\$ 261,285
Total Receipts Over/(Under) Disbursements	<u>22,491</u>	<u>(21,752)</u>	<u>0</u>	<u>739</u>
Other Financing Receipts/Disbursements				
Sale of Fixed Assets	<u>1,184</u>	<u>4,868</u>	<u>0</u>	<u>6,052</u>
Total Other Financing Receipts/(Disbursements)	<u>1,184</u>	<u>4,868</u>	<u>0</u>	<u>6,052</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$ <u>23,675</u>	\$ <u>(16,884)</u>	\$ <u>0</u>	\$ <u>6,791</u>
Fund Cash Balances, January 1,	<u>101,063</u>	<u>129,786</u>	<u>0</u>	<u>230,849</u>
Fund Cash Balances, December 31,	<u><u>\$ 124,738</u></u>	<u><u>\$ 112,902</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 237,640</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**HARRISON TOWNSHIP
LOGAN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
PRIVATE PURPOSE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2007

Cash Receipts:	
Earnings on Investments	\$ <u>7</u>
Total Cash Receipts	\$ <u>7</u>
Fund Cash Balances, January 1,	<u>271</u>
Fund Cash Balances, December 31,	\$ <u><u>278</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**HARRISON TOWNSHIP
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Harrison Township, Logan County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with Riverside Emergency Medical, Robinaugh Ambulance, and the City of Bellefontaine to provide emergency medical services. The Township contracts with City of Bellefontaine to provide fire protection.

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:
Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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 money for constructing, maintaining and repairing Township roads.

Capital Project Funds:

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Funds:

Public Works Fund – This fund accounts for Issue II money spent on behalf of the Township for maintaining and repairing Township roads.

Miscellaneous Capital Projects Fund – This fund accounts for Logan County Sales Tax money spent on behalf of the Township for maintaining and repairing Township roads.

Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township had the following Trust Fund:

Private Purpose Trust Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for maintaining of the designees' grave.

**HARRISON TOWNSHIP
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2008 and 2007 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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 and investments at December 31 was as follows:

	2008	2007
Demand deposits	<u>\$284,134</u>	<u>\$237,918</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**HARRISON TOWNSHIP
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2008 was as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 74,500	\$ 63,165	\$ (11,335)
Special Revenue	158,651	149,153	(9,498)
Capital Projects	40,312	33,383	(6,929)
Fiduciary	8	1	(7)
Total	<u>\$ 273,471</u>	<u>\$ 245,702</u>	<u>\$ (27,769)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 155,500	\$ 128,021	\$ 27,479
Special Revenue	223,950	74,082	149,868
Capital Projects	40,312	33,383	6,929
Fiduciary	35	0	35
Total	<u>\$ 419,797</u>	<u>\$ 235,486</u>	<u>\$ 184,311</u>

Budgetary activity for the year ending December 31, 2007 was as follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,200	\$ 98,803	\$ 12,603
Special Revenue	160,100	160,190	90
Capital Projects	22,908	9,083	(13,825)
Fiduciary	7	7	0
Total	<u>\$ 269,215</u>	<u>\$ 268,083</u>	<u>\$ (1,132)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 173,562	\$ 75,128	\$ 98,434
Special Revenue	259,300	177,074	82,226
Capital Projects	22,908	9,083	13,825
Fiduciary	75	0	75
Total	<u>\$ 455,845</u>	<u>\$ 261,285</u>	<u>\$ 194,560</u>

**HARRISON TOWNSHIP
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY COMPLIANCE

Ohio Law ORC Section 5705.336, states that all subdivisions are to request a reduced amended certificate upon determination that revenue collected will be less than the amount of the official certificate of estimated resources. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current appropriation.

Contrary to this law, in 2008 and 2007, estimated resources exceeded actual in the miscellaneous capital projects \$6,929 and by \$13,825, respectively.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Township 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 employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 percent and 9.5 percent, respectively, of their gross salaries and the Township contributed an amount equaling 14 percent and 13.85 percent, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**HARRISON TOWNSHIP
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

6. RISK MANAGEMENT (Continued)

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

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**HARRISON TOWNSHIP
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

6. RISK MANAGEMENT (Continued)

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, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$ 43,210,703	\$ 42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Retained Earnings	<u>\$ 29,852,866</u>	<u>\$ 29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when related claims are due for payment.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Township's contributions to OTARMA for the past three years are as follows:

<u>Contributions to OTARMA</u>	
2008	\$3,326
2007	\$3,164
2006	\$3,951

After completing one year of membership, member may withdraw on each anniversary of the date they joined OTARMA provided the give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

REPORT ON INTERNAL CONTROL OVER -FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS REQUIRED
BY GOVERNMENT AUDITING STANDARDS

Board of Trustees
Harrison Township, Logan County
3133 Rd 130
Bellefontaine, Ohio 43311

We have audited the accompanying financial statements of Harrison Township, Logan County (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 21, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Internal Control Over Financial Reporting

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiency described above, we believe finding numbered 2008-001 is also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated May 21, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standard*, which is described in the accompanying schedule of findings as items 2008-002.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated May 21, 2009.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report is intended solely for the information and use of the management and Board of Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 21, 2009

**HARRISON TOWNSHIP
LOGAN COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Material Weakness

Ohio Admin Code Section 117-2 provides that the Township Fiscal Officer shall keep the books of the Township; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Township and income derived. In addition, Ohio Admin Code Section 117-2-02(A) states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code.

During 2008 and 2007, some receipt and expenditure items were not posted to accurate revenue or expense classifications based on the source of the receipt or expenditure. For example, many items posted to other financing sources were other miscellaneous items. Sale of assets were not properly reflected in either year. The private purpose trust was misclassified on their records as a permanent trust.

These financial statements have been adjusted to reflect this activity in the correct revenue and expenditure line items, and correct funds.

We recommend the Fiscal Officer to refer to Ohio Adm. Code Section 117-07-01 and or the Ohio Township Handbook for guidance to determine proper classifications.

Response: The Fiscal Officer will review the Township Handbook for proper classifications as needed.

FINDING NUMBER 2008-002

Noncompliance

Ohio Rev. Code, Section 5705.36, requires all subdivisions to request reduced amended certificates upon determination by the Fiscal Officer that revenue to be collected will be less than the amount in the official certificate of estimated resources. The intent of this requirement is to require the Fiscal Officer to obtain a reduced amended certificate when it appears that budgetary resources will fall short of earlier estimates, reducing the possibility that deficit spending will occur. The actual receipts were below estimated receipts for the Township in the following funds:

Fund	Estimated Receipts	Actual Receipts	Variance
2008			
Miscellaneous Capital Projects	40,312	33,383	(6,939)
2007			
Miscellaneous Capital Projects	22,908	9,083	(13,825)

**HARRISON TOWNSHIP
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-002, (Continued)

Failure to obtain reduced amended certificates resulted in total appropriations exceeding actual resources in the Miscellaneous Capital Projects fund by \$6,939 and \$13,825 in 2008 and 2007, respectively. While no negative fund balances were observed and the Township did not spend more than it actually received, failure to amend the certificate of estimated resources when actual revenue is less than expected revenue could very easily result in the Township incurring expenditures in excess of actual available resources.

We recommend that the Township monitor its actual receipts throughout the year and prepare amended official certificates of estimated resources as necessary.

Response: The capital projects income is budgeted based upon the County Auditor notification of funds available for the Township. In 2008 and 2007, funds actually disbursed by the County Auditor on behalf of the Township was under what was anticipated.

**HARRISON TOWNSHIP
LOGAN COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2006-001	Misposting of receipts and expenditures	Partially	Reissued as Finding 2008-001
2006-002	ORC 5705.10 - CAT and Kilowatt taxes were not properly allocated between general and special revenue funds	Yes	



Mary Taylor, CPA
Auditor of State

HARRISON TOWNSHIP

LOGAN 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 23, 2009**