

HARRISON TOWNSHIP

DAYTON REGION, MONTGOMERY COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010 – 2009



Dave Yost • Auditor of State

Board of Trustees
Harrison Township
5945 North Dixie Drive
Dayton, Ohio 45414

We have reviewed the *Independent Auditors' Report* of Harrison Township, Montgomery County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2009 through December 31, 2010. 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. Harrison Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 7, 2011

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**HARRISON TOWNSHIP
MONTGOMERY COUNTY**

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Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' REPORT

Harrison Township
Montgomery County
5954 North Dixie Drive
Dayton, Ohio 45414

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Harrison Township, Montgomery County, Ohio, (the Township), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Harrison Township, Montgomery County, Ohio, as of December 31, 2010 and 2009, and the respective changes in cash financial position, thereof and the respective budgetary comparisons for the General, Road and Bridge, Waste Disposal, Police District and Fire District funds, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued a report dated June 1, 2011, 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 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 be read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 1, 2011

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**Harrison Township
Montgomery County**

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

This discussion and analysis of the Harrison Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2010 and 2009, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2010 are as follows:

Net assets of township activities increased \$1,106,589 or 9.6 percent, a change from the prior year. The fund most affected by the increase was the general fund.

The Township's general receipts are primarily property and other taxes. These receipts represent respectively 52 percent of the total cash received for governmental activities during the year. Property and other tax receipts for 2010 decreased slightly compared to 2009 due to foreclosures and delinquencies. Grants and entitlements increased \$1,624,077 or 220 percent due to receipt of estate taxes.

Revenues are stated very cautiously and expenses are estimated on the high end. During 2010 all development plans were put on hold again due to the economy.

Key highlights for 2009 are as follows:

Net assets of township activities decreased \$568,718 or 4.7 percent, a slight change from the prior year. The fund most affected by the decrease was the police fund due to change in contract provisions.

The Township's general receipts are primarily property and other taxes. These receipts represent respectively 60 percent of the total cash received for governmental activities during the year. Property and other tax receipts for 2009 increased compared to 2008.

Revenues are stated very cautiously and expenses are estimated on the high end. During 2010 all development plans were put on hold again due to the economy.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

**Harrison Township
Montgomery County**

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

Using the Basic Financial Statements, (Continued)

Report Components, (continued)

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2010 and 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

**Harrison Township
Montgomery County**

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

Reporting the Township as a Whole, (Continued)

In the statement of net assets and the statement of activities, the Township has one type of activity:

Governmental Activities: Most of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the Township's activities are reported as governmental funds.

Governmental Funds - Governmental fund financial statements provide detailed view of Township's governmental operations and basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the programs. The Township's significant governmental funds are presented on financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Road and Bridge, Waste Disposal, Police District, and Fire District funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2010 and 2009 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities				
	2010	2009	Change	2008	Change
Assets					
Cash and Cash Equivalents	12,634,331	11,527,742	1,106,589	12,096,460	(568,718)
Total Assets	<u>\$12,634,331</u>	<u>\$11,527,742</u>	<u>1,106,589</u>	<u>\$12,096,460</u>	<u>(\$568,718)</u>
Net Assets					
Restricted	6,557,468	6,619,018	(61,550)	6,904,945	(285,927)
Unrestricted	6,076,863	4,908,724	1,168,139	5,191,515	(282,791)
Total Net Assets	<u>\$12,634,331</u>	<u>\$11,527,742</u>	<u>1,106,589</u>	<u>\$12,096,460</u>	<u>(\$568,718)</u>

**Harrison Township
Montgomery County**

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

The Township as a Whole, (Continued)

As mentioned previously, net assets of governmental activities increased \$1,106,589, or approximately 9.6 percent in 2010. The primary reason for the increase is as follows:

- Increase in estate taxes received

In 2009, net assets of governmental activities decreased \$568,718, or approximately 4.7 percent. The primary reason for the decrease is as follows:

- Reduction of investment interest earned
- Reduction of local government monies received
- Increase in contractual agreement with police department

Table 2 reflects the changes in net assets in 2010 and 2009 and 2008:

**Harrison Township
Montgomery County**

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

The Township as a Whole, (Continued)

(Table 2)
Changes in Net Assets

	Governmental Activities				Change
	2010	2009	Change	2008	
Receipts:					
Program Receipts:					
Charges for Services and Sales	\$2,239,228	\$2,231,165	\$8,063	\$2,271,084	(\$39,919)
Operating Grants and Contributions	1,136,899	0	1,136,899	0	0
Capital Grants and Contributions	434,462	1,350,851	(916,389)	995,703	355,148
Total Program Receipts	3,810,589	3,582,016	228,573	3,266,787	315,229
General Receipts:					
Property and Other Taxes	7,839,196	7,877,056	(37,860)	7,051,525	825,531
Grants and Entitlements Not Restricted to Specific Programs	2,363,004	738,927	1,624,077	655,711	83,216
Earnings on Investments	358,393	463,513	(105,120)	829,117	(365,604)
Cable Franchise Fees	134,099	128,968	5,131	128,660	308
Sale of Assets	108,656	39,731	68,925	11,327	28,404
Miscellaneous	473,739	259,777	213,962	327,327	(67,550)
Other Financing Sources	13,960	0	13,960	0	0
Total General Receipts	11,291,047	9,507,972	1,783,075	9,003,667	504,305
Total Receipts	15,101,636	13,089,988	2,011,648	12,270,454	819,534
Disbursements:					
General Government	1,774,774	1,588,194	186,580	1,536,462	51,732
Public Safety	8,165,200	8,559,813	(394,613)	6,739,984	1,819,829
Public Works	2,808,342	2,678,806	129,536	2,612,991	65,815
Health	9,286	7,915	1,371	5,924	1,991
Conservation - Recreation	127,533	207,868	(80,335)	92,985	114,883
Other	104,881	44,004	60,877	41,163	2,841
Capital Outlay	839,851	447,101	392,750	861,429	(414,328)
Other Financing Uses	165,180	125,005	40,175	0	125,005
Debt:					
Principal Retirement	0	0	0	2,000,000	(2,000,000)
Interest and Fiscal Charges	0	0	0	76,786	(76,786)
Total Disbursements	13,995,047	13,658,706	336,341	13,967,724	(309,018)
Change in Net Assets	1,106,589	(568,718)	1,675,307	(1,697,270)	1,128,552
Net Assets, January 1	11,527,742	12,096,460	(568,718)	13,793,730	(1,697,270)
Net Assets, December 31	\$12,634,331	\$11,527,742	\$1,106,589	\$12,096,460	(\$568,718)

**Harrison Township
Montgomery County**

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

The Township as a Whole, (Continued)

Governmental Activities Receipts

Program receipts represent 25.3 and 27.4 percent of total receipts for 2010 and 2009, respectively. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and charges to Montgomery County Sheriff's Office for police services provided under contract.

General receipts represent 74.7 and 72.6 percent of the Township's total receipts for 2010 and 2009, respectively. Property taxes represent 69.4 and 82.8 percent of the Township's general receipts for 2010 and 2009, respectively. State and federal grants and entitlements, earnings on investments and cable franchise fees represent 25.3 and 14.0 percent of the Township's general receipts for 2010 and 2009, respectively. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Governmental Activities Disbursements

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of board members and fiscal officer, attorney fees, tax collection fees, payroll, and capital improvements.

Security of Persons and Property are the costs of police and fire protection; Public Works are the costs of maintaining roads and bridges and garbage removal; capital outlay is various capital projects. Conservation-Recreation is the costs associated with maintaining the parks and playing fields; the economic development department promotes the Township to industry and commerce as well as working with other governments in the area to attract new business.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works, which account for 58.3 and 62.7 percent and 20.1 and 19.6 percent of all governmental disbursements, in 2010 and 2009, respectively. General government also represents a significant cost, about 12.7 and 11.6 percent in 2010 and 2009, respectively. In 2010 capital outlay also represents a significant portion of total disbursements at 6.0 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

**Harrison Township
Montgomery County**

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

The Township as a Whole, (Continued)

A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2010	2010	2009	2009	2008	2008
General Government	1,774,774	1,740,215	1,588,194	1,542,263	1,536,462	1,498,970
Public Safety	8,165,200	6,443,640	8,559,813	6,820,525	6,739,984	5,131,398
Public Works	2,808,342	1,188,334	2,678,806	884,009	2,612,991	992,282
Health	9,286	9,286	7,915	7,915	5,924	5,924
Conservation - Recreation	127,533	127,533	207,868	207,868	92,985	92,985
Other	104,881	104,881	44,004	44,004	41,163	41,163
Capital Outlay	839,851	405,389	447,101	447,101	861,429	861,429
Other Financing Uses	165,180	165,180	125,005	125,005	0	0
Deb Service:						
Principal Retirement	0	0	0	0	2,000,000	2,000,000
Interest and Fiscal Charges	0	0	0	0	76,786	76,786
Total Expenses	<u>13,995,047</u>	<u>10,184,458</u>	<u>13,658,706</u>	<u>10,078,690</u>	<u>13,967,724</u>	<u>10,700,937</u>

The dependence upon property tax receipts is apparent as approximately 82.1 and 79.1 percent of governmental activities are supported through these and other general receipts in 2010 and 2009, respectively.

The Township's Funds

Total governmental funds had receipts of \$15,101,636 and \$13,089,988 and disbursements of \$13,995,047 and \$13,658,706 in 2010 and 2009, respectively. The greatest change within governmental funds occurred within the General Fund which had receipts in excess of disbursements in 2010 and disbursements in excess of receipts in 2009.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010 and 2009, the Township amended its General Fund budget several times to reflect changing circumstances. In 2010, final budgeted receipts were \$3,171,055, while actual receipts were \$3,404,759. In 2009, final budgeted receipts were \$1,335,379, while actual receipts were \$1,707,658. For both years actual receipts were above budgeted receipts due to conservative estimates.

In 2010, final appropriations budgeted for the General Fund were \$4,865,927, while actual disbursements were \$2,236,620. In 2009, final appropriations budgeted for the General Fund were \$4,416,232, while actual disbursements were \$1,990,449. For both years, actual disbursements were less than final budgeted appropriations due to conservative spending.

**Harrison Township
Montgomery County**

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

Capital Assets and Debt Administration

Capital Assets

The Township currently keeps track of its newly purchased capital assets and infrastructure by reporting it yearly to the Township's insurance company.

Debt

At December 31, 2010 and 2009, the Township had no outstanding debt.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on property taxes and have very little industry to support the tax base.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Deborah Merrick, Fiscal Officer, Harrison Township, 5945 N. Dixie Dr., Dayton, Ohio 45414.

**Harrison Township
Montgomery County**

Statement of Net Assets - Cash Basis
December 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>12,634,331</u>
 Total Assets	 \$ <u><u>12,634,331</u></u>
 Net Assets	
Restricted For:	
Other Purposes	\$ 6,557,468
Unrestricted	<u>6,076,863</u>
 Total Net Assets	 \$ <u><u>12,634,331</u></u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	<u>Program Cash Receipts</u>				<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
General Government	\$ 1,774,774	\$ 34,559	\$ 0	\$ 0	\$ (1,740,215)
Public Safety	8,165,200	932,507	789,053	0	(6,443,640)
Public Works	2,808,342	1,272,162	347,846	0	(1,188,334)
Health	9,286	0	0	0	(9,286)
Conservation - Recreation	127,533	0	0	0	(127,533)
Other	104,881	0	0	0	(104,881)
Capital Outlay	839,851	0	0	434,462	(405,389)
Other Financing Uses	165,180	0	0	0	(165,180)
Total Governmental Activities	<u>\$ 13,995,047</u>	<u>\$ 2,239,228</u>	<u>\$ 1,136,899</u>	<u>\$ 434,462</u>	<u>\$ (10,184,458)</u>

General Receipts

Property and Other Taxes	\$ 7,839,196
Grants and Entitlements not Restricted	2,363,004
Earnings on Investments	358,393
Cable Franchise Fees	134,099
Sale of Fixed Assets	108,656
Miscellaneous	473,739
Other Financing Sources	<u>13,960</u>
Total General Receipts	\$ 11,291,047
Change in Net Assets	\$ 1,106,589
Net Assets Beginning of Year	\$ <u>11,527,742</u>
Net Assets End of Year	\$ <u><u>12,634,331</u></u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	<u>General</u>	<u>Road and Bridge</u>	<u>Waste Disposal</u>	<u>Police District</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 6,076,863	\$ 599,247	\$ 373,679	\$ 1,213,133	\$ 2,404,779	\$ 1,966,630	\$ 12,634,331
Total Assets	\$ 6,076,863	\$ 599,247	\$ 373,679	\$ 1,213,133	\$ 2,404,779	\$ 1,966,630	\$ 12,634,331
Fund Balances							
Unreserved, undesignated, reported in:							
General Fund	\$ 6,076,863	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,076,863
Special Revenue Funds	0	599,247	373,679	1,213,133	2,404,779	942,839	5,533,677
Capital Projects	0	0	0	0	0	11,183	11,183
Debt Service	0	0	0	0	0	1,012,608	1,012,608
Total Fund Balances	\$ 6,076,863	\$ 599,247	\$ 373,679	\$ 1,213,133	\$ 2,404,779	\$ 1,966,630	\$ 12,634,331

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Road and Bridge	Waste Disposal	Police District	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 218,759	\$ 1,160,035	\$ 0	\$ 4,125,500	\$ 2,120,392	\$ 274,657	\$ 7,899,343
Charges for Services	0	0	1,031,509	0	932,507	0	1,964,016
Licenses, Permits and Fees	151,403	0	0	0	0	0	151,403
Fines and Forfeitures	17,255	0	0	0	0	0	17,255
Intergovernmental	2,363,004	141,601	0	395,585	393,468	640,707	3,934,365
Special Assessments	0	0	0	0	0	180,506	180,506
Earnings on Investments	335,979	0	0	0	0	22,414	358,393
Miscellaneous	208,917	131,370	0	91,035	42,417	0	473,739
Total Receipts	\$ 3,295,317	\$ 1,433,006	\$ 1,031,509	\$ 4,612,120	\$ 3,488,784	\$ 1,118,284	\$ 14,979,020
Disbursements							
Current:							
General Government	\$ 1,774,774	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,774,774
Public Safety	0	0	0	4,822,808	3,342,392	0	8,165,200
Public Works	10,000	1,285,546	1,044,392	0	0	468,404	2,808,342
Health	9,286	0	0	0	0	0	9,286
Conservation - Recreation	127,533	0	0	0	0	0	127,533
Other	103,453	0	0	0	0	1,428	104,881
Capital Outlay	46,394	284,344	0	0	41,398	467,715	839,851
Total Disbursements	\$ 2,071,440	\$ 1,569,890	\$ 1,044,392	\$ 4,822,808	\$ 3,383,790	\$ 937,547	\$ 13,829,867
Excess of Receipts Over (Under) Disbursements	1,223,877	(136,884)	(12,883)	(210,688)	104,994	180,737	1,149,153
Other Financing Sources (Uses)							
Sale of Fixed Assets	\$ 95,482	\$ 7,050	\$ 0	\$ 6,124	\$ 0	\$ 0	\$ 108,656
Other Financing Sources	13,960	0	0	0	0	0	13,960
Other Financing Sources Uses	(165,180)	0	0	0	0	0	(165,180)
Total Other Financing Sources (Uses)	\$ (55,738)	\$ 7,050	\$ 0	\$ 6,124	\$ 0	\$ 0	\$ (42,564)
Net Change in Fund Balances	1,168,139	(129,834)	(12,883)	(204,564)	104,994	180,737	1,106,589
Fund Balances Beginning of Year	4,908,724	729,081	386,562	1,417,697	2,299,785	1,785,893	11,527,742
Fund Balances End of Year	<u>\$ 6,076,863</u>	<u>\$ 599,247</u>	<u>\$ 373,679</u>	<u>\$ 1,213,133</u>	<u>\$ 2,404,779</u>	<u>\$ 1,966,630</u>	<u>\$ 12,634,331</u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 195,000	\$ 195,000	\$ 218,759	\$ 23,759
License, Permits and Fees	140,000	140,000	151,403	11,403
Fines and Forfeitures	10,000	10,000	17,255	7,255
Intergovernmental	462,000	2,312,000	2,363,004	51,004
Earnings on Investments	414,195	414,195	335,979	(78,216)
Miscellaneous	32,000	99,860	208,917	109,057
Total receipts	<u>\$ 1,253,195</u>	<u>\$ 3,171,055</u>	<u>\$ 3,295,317</u>	<u>\$ 124,262</u>
Disbursements				
Current:				
General Government	\$ 2,049,038	\$ 2,165,164	\$ 1,774,774	\$ 390,390
Public Works	10,000	10,000	10,000	0
Health	8,000	9,290	9,286	4
Conservation - Recreation	240,000	241,630	127,533	114,097
Other	65,000	166,243	103,453	62,790
Capital Outlay	<u>64,600</u>	<u>64,600</u>	<u>46,394</u>	<u>18,206</u>
Total Disbursements	<u>\$ 2,436,638</u>	<u>\$ 2,656,927</u>	<u>\$ 2,071,440</u>	<u>\$ 585,487</u>
Excess of Receipts Over (Under) Disbursements	(1,183,443)	514,128	1,223,877	709,749
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 0	\$ 95,482	\$ 95,482
Other Financing Sources	0	0	13,960	13,960
Other Financing Uses	<u>\$ (2,209,000)</u>	<u>\$ (2,209,000)</u>	<u>\$ (165,180)</u>	<u>\$ 2,043,820</u>
Total Other Financing Sources (Uses)	<u>(2,209,000)</u>	<u>(2,209,000)</u>	<u>(55,738)</u>	<u>2,153,262</u>
Net Change in Fund Balance	(3,392,443)	(1,694,872)	1,168,139	2,863,011
Fund Balance Beginning of Year	<u>4,908,724</u>	<u>4,908,724</u>	<u>4,908,724</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 1,516,281</u></u>	<u><u>\$ 3,213,852</u></u>	<u><u>\$ 6,076,863</u></u>	<u><u>\$ 2,863,011</u></u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,120,000	\$ 1,052,609	\$ 1,160,035	\$ 107,426
Intergovernmental	70,000	70,000	141,601	71,601
Miscellaneous	70,000	70,000	131,370	61,370
Total receipts	<u>\$ 1,260,000</u>	<u>\$ 1,192,609</u>	<u>\$ 1,433,006</u>	<u>\$ 240,397</u>
Disbursements				
Current:				
Public Works	\$ 1,394,387	\$ 1,408,221	\$ 1,285,546	\$ 122,675
Capital Outlay	<u>342,000</u>	<u>342,000</u>	<u>284,344</u>	<u>57,656</u>
Total Disbursements	<u>\$ 1,736,387</u>	<u>1,750,221</u>	<u>1,569,890</u>	<u>180,331</u>
Excess of Receipts Over (Under) Disbursements	(476,387)	(557,612)	(136,884)	60,066
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 0	\$ 7,050	\$ 7,050
Net Change in Fund Balance	(476,387)	(557,612)	(129,834)	67,116
Fund Balance Beginning of Year	<u>729,081</u>	<u>729,081</u>	<u>729,081</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 252,694</u></u>	<u><u>\$ 171,469</u></u>	<u><u>\$ 599,247</u></u>	<u><u>\$ 67,116</u></u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Waste Disposal
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Charges for Services	\$ 920,000	\$ 920,000	\$ 1,031,509	\$ 111,509
Total receipts	\$ 920,000	\$ 920,000	\$ 1,031,509	\$ 111,509
Disbursements				
Current:				
Public Works	\$ 1,049,229	1,065,249	\$ 1,044,392	\$ 20,857
Total Disbursements	1,049,229	1,065,249	1,044,392	20,857
Excess of Receipts Over (Under) Disbursements	(129,229)	(145,249)	(12,883)	132,366
Net Change in Fund Balance	(129,229)	(145,249)	(12,883)	132,366
Fund Balance Beginning of Year	386,562	386,562	386,562	0
Fund Balance End of Year	\$ 257,333	\$ 241,313	\$ 373,679	\$ 132,366

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police District
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 4,569,554	\$ 3,886,204	\$ 4,125,500	\$ 239,296
Intergovernmental	250,000	250,000	395,585	145,585
Miscellaneous	9,000	9,000	91,035	82,035
Total receipts	<u>\$ 4,828,554</u>	<u>\$ 4,145,204</u>	<u>\$ 4,612,120</u>	<u>\$ 466,916</u>
Disbursements				
Current:				
Public Safety	\$ 5,224,012	5,253,187	\$ 4,822,808	\$ 430,379
Total Disbursements	<u>5,224,012</u>	<u>5,253,187</u>	<u>4,822,808</u>	<u>430,379</u>
Excess of Receipts Over (Under) Disbursements	(395,458)	(1,107,983)	(210,688)	897,295
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 0	\$ 6,124	\$ 6,124
Net Change in Fund Balance	(395,458)	(1,107,983)	(204,564)	903,419
Fund Balance Beginning of Year	<u>1,417,697</u>	<u>1,417,697</u>	<u>1,417,697</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 1,022,239</u>	<u>\$ 309,714</u>	<u>\$ 1,213,133</u>	<u>\$ 903,419</u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 2,200,000	\$ 1,998,300	\$ 2,120,392	\$ 122,092
Charges for Services	700,000	700,000	932,507	232,507
Intergovernmental	180,000	180,000	393,468	213,468
Miscellaneous	<u>50,000</u>	<u>40,000</u>	<u>42,417</u>	<u>2,417</u>
Total receipts	<u>\$ 3,130,000</u>	<u>\$ 2,918,300</u>	<u>\$ 3,488,784</u>	<u>\$ 570,484</u>
Disbursements				
Current:				
Public Safety	\$ 3,915,899	\$ 3,937,502	\$ 3,342,392	\$ 595,110
Capital Outlay	<u>42,000</u>	<u>68,219</u>	<u>41,398</u>	<u>26,821</u>
Total Disbursements	<u>3,957,899</u>	<u>4,005,721</u>	<u>3,383,790</u>	<u>621,931</u>
Excess of Receipts Over (Under) Disbursements	(827,899)	(1,087,421)	104,994	1,192,415
Net Change in Fund Balance	(827,899)	(1,087,421)	104,994	1,192,415
Fund Balance Beginning of Year	<u>2,299,785</u>	<u>2,299,785</u>	<u>2,299,785</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 1,471,886</u>	<u>\$ 1,212,364</u>	<u>\$ 2,404,779</u>	<u>\$ 1,192,415</u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>11,527,742</u>
Total Assets	\$ <u><u>11,527,742</u></u>
 Net Assets	
Restricted For:	
Other Purposes	\$ 6,619,018
Unrestricted	<u>4,908,724</u>
Total Net Assets	\$ <u><u>11,527,742</u></u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

				Net (Disbursements) Receipts and Changes in Net Assets
	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 1,588,194	\$ 47,931	\$ 0	\$ (1,540,263)
Public Safety	8,559,813	935,690	803,598	(6,820,525)
Public Works	2,678,806	1,247,544	547,253	(884,009)
Health	7,915	0	0	(7,915)
Conservation - Recreation	207,868	0	0	(207,868)
Other	44,004	0	0	(44,004)
Capital Outlay	447,101	0	0	(447,101)
Other Financing Uses	125,005	0	0	(125,005)
Total Governmental Activities	\$ 13,658,706	\$ 2,231,165	\$ 1,350,851	\$ (10,076,690)
 General Receipts				
Property and Other Taxes				\$ 7,877,056
Grants and Entitlements not Restricted				738,927
Earnings on Investments				463,513
Cable Franchise Fees				128,968
Sale of Fixed Assets				39,731
Miscellaneous				259,777
Total General Receipts				\$ 9,507,972
Change in Net Assets				\$ (568,718)
Net Assets Beginning of Year				\$ 12,096,460
Net Assets End of Year				\$ 11,527,742

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	<u>General</u>	<u>Road and Bridge</u>	<u>Waste Disposal</u>	<u>Police District</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 4,908,724	\$ 729,081	\$ 386,562	\$ 1,417,697	\$ 2,299,785	\$ 1,785,893	\$ 11,527,742
Total Assets	\$ 4,908,724	\$ 729,081	\$ 386,562	\$ 1,417,697	\$ 2,299,785	\$ 1,785,893	\$ 11,527,742
Fund Balances							
Unreserved, undesignated, reported in:							
General Fund	\$ 4,908,724	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,908,724
Special Revenue Funds	0	729,081	386,562	1,417,697	2,299,785	941,931	5,775,056
Capital Projects	0	0	0	0	0	3,885	3,885
Debt Service	0	0	0	0	0	840,077	840,077
Total Fund Balances	\$ 4,908,724	\$ 729,081	\$ 386,562	\$ 1,417,697	\$ 2,299,785	\$ 1,785,893	\$ 11,527,742

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Road and Bridge	Waste Disposal	Police District	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 225,985	\$ 1,162,512	\$ 0	\$ 4,147,578	\$ 2,132,406	\$ 269,124	\$ 7,937,605
Charges for Services	0	0	1,008,159	0	935,690	0	1,943,849
Licenses, Permits and Fees	153,537	0	0	0	0	0	153,537
Fines and Forfeitures	23,362	0	0	0	0	0	23,362
Intergovernmental	738,927	339,603	0	517,362	286,236	207,650	2,089,778
Special Assessments	0	0	0	0	0	178,836	178,836
Earnings on Investments	439,046	0	0	0	0	24,467	463,513
Miscellaneous	126,801	109,276	0	8,573	15,127	0	259,777
Total Receipts	\$ 1,707,658	\$ 1,611,391	\$ 1,008,159	\$ 4,673,513	\$ 3,369,459	\$ 680,077	\$ 13,050,257
Disbursements							
Current:							
General Government	\$ 1,588,194	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,588,194
Public Safety	0	0	0	5,485,738	3,074,075	0	8,559,813
	10,000	1,212,879	1,027,369	0	0	428,558	2,678,806
Health	7,915	0	0	0	0	0	7,915
Conservation - Recreation	207,868	0	0	0	0	0	207,868
Other	42,225	0	0	0	0	1,779	44,004
Capital Outlay	9,242	308,268	0	0	129,591	0	447,101
Total Disbursements	\$ 1,865,444	\$ 1,521,147	\$ 1,027,369	\$ 5,485,738	\$ 3,203,666	\$ 430,337	\$ 13,533,701
Excess of Receipts Over (Under) Disbursements	(157,786)	90,244	(19,210)	(812,225)	165,793	249,740	(483,444)
Other Financing Sources (Uses)							
Sale of Fixed Assets	\$ 0	\$ 9,600	\$ 0	\$ 5,530	\$ 24,601	\$ 0	\$ 39,731
Other Financing Sources Uses	(125,005)	0	0	0	0	0	(125,005)
Total Other Financing Sources (Uses)	\$ (125,005)	\$ 9,600	\$ 0	\$ 5,530	\$ 24,601	\$ 0	\$ (85,274)
Net Change in Fund Balances	(282,791)	99,844	(19,210)	(806,695)	190,394	249,740	(568,718)
Fund Balances Beginning of Year	5,191,515	629,237	405,772	2,224,392	2,109,391	1,536,153	12,096,460
Fund Balances End of Year	\$ 4,908,724	\$ 729,081	\$ 386,562	\$ 1,417,697	\$ 2,299,785	\$ 1,785,893	\$ 11,527,742

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 204,000	\$ 204,000	\$ 225,985	\$ 21,985
License, Permits and Fees	150,000	150,000	153,537	3,537
Fines and Forfeitures	10,000	10,000	23,362	13,362
Intergovernmental	467,000	467,000	738,927	271,927
Earnings on Investments	457,171	466,372	439,046	(27,326)
Miscellaneous	38,007	38,007	126,801	88,794
Total receipts	<u>\$ 1,326,178</u>	<u>\$ 1,335,379</u>	<u>\$ 1,707,658</u>	<u>\$ 372,279</u>
Disbursements				
Current:				
General Government	\$ 2,024,940	\$ 1,942,632	\$ 1,588,194	\$ 354,438
Public Works	10,000	10,000	10,000	0
Health	5,000	5,000	7,915	(2,915)
	252,000	252,000	207,868	44,132
Other	65,000	65,000	42,225	22,775
Capital Outlay	<u>41,600</u>	<u>41,600</u>	<u>9,242</u>	<u>32,358</u>
Total Disbursements	<u>\$ 2,398,540</u>	<u>\$ 2,316,232</u>	<u>\$ 1,865,444</u>	<u>\$ 450,788</u>
Excess of Receipts Over (Under) Disbursements	(1,072,362)	(980,853)	(157,786)	823,067
Other Financing Sources (Uses)				
Other Financing Uses	<u>\$ (2,100,000)</u>	<u>\$ (2,100,000)</u>	<u>\$ (125,005)</u>	<u>\$ 1,974,995</u>
Total Other Financing Sources (Uses)	<u>(2,100,000)</u>	<u>(2,100,000)</u>	<u>(125,005)</u>	<u>1,974,995</u>
Net Change in Fund Balance	(3,172,362)	(3,080,853)	(282,791)	2,798,062
Fund Balance Beginning of Year	<u>5,191,515</u>	<u>5,191,515</u>	<u>5,191,515</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 2,019,153</u></u>	<u><u>\$ 2,110,662</u></u>	<u><u>\$ 4,908,724</u></u>	<u><u>\$ 2,798,062</u></u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,120,000	\$ 1,120,000	\$ 1,162,512	\$ 42,512
Intergovernmental	115,000	115,000	339,603	224,603
Miscellaneous	70,000	195,950	109,276	(86,674)
Total receipts	<u>\$ 1,305,000</u>	<u>\$ 1,430,950</u>	<u>\$ 1,611,391</u>	<u>\$ 180,441</u>
Disbursements				
Current:				
Public Works	\$ 1,257,234	\$ 1,222,916	\$ 1,212,879	\$ 10,037
Capital Outlay	<u>342,000</u>	<u>342,000</u>	<u>308,268</u>	<u>33,732</u>
Total Disbursements	<u>\$ 1,599,234</u>	<u>1,564,916</u>	<u>1,521,147</u>	<u>43,769</u>
	(294,234)	(133,966)	90,244	224,210
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 0	\$ 9,600	\$ 9,600
Net Change in Fund Balance	(294,234)	(133,966)	99,844	233,810
Fund Balance Beginning of Year	<u>629,237</u>	<u>629,237</u>	<u>629,237</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 335,003</u></u>	<u><u>\$ 495,271</u></u>	<u><u>\$ 729,081</u></u>	<u><u>\$ 233,810</u></u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Waste Disposal
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Charges for Services	\$ 920,000	\$ 920,000	\$ 1,008,159	\$ 88,159
Total receipts	\$ 920,000	\$ 920,000	\$ 1,008,159	\$ 88,159
Disbursements				
Current:				
Public Works	\$ 1,041,884	1,052,258	\$ 1,027,369	\$ 24,889
Total Disbursements	1,041,884	1,052,258	1,027,369	24,889
Excess of Receipts Over (Under) Disbursements	(121,884)	(132,258)	(19,210)	113,048
Net Change in Fund Balance	(121,884)	(132,258)	(19,210)	113,048
Fund Balance Beginning of Year	405,772	405,772	405,772	0
Fund Balance End of Year	\$ 283,888	\$ 273,514	\$ 386,562	\$ 113,048

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police District
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 4,709,554	\$ 4,053,503	\$ 4,147,578	\$ 94,075
Intergovernmental	250,000	250,000	517,362	267,362
Miscellaneous	9,000	8,500	8,573	73
Total receipts	<u>\$ 4,968,554</u>	<u>\$ 4,312,003</u>	<u>\$ 4,673,513</u>	<u>\$ 361,510</u>
Disbursements				
Current:				
Public Safety	\$ 5,043,212	5,637,745	\$ 5,485,738	\$ 152,007
Total Disbursements	<u>5,043,212</u>	<u>5,637,745</u>	<u>5,485,738</u>	<u>152,007</u>
Excess of Receipts Over (Under) Disbursements	(74,658)	(1,325,742)	(812,225)	513,517
Sale of Fixed Assets	\$ 0	0	\$ 5,530	\$ 5,530
Net Change in Fund Balance	(74,658)	(1,325,742)	(806,695)	519,047
Fund Balance Beginning of Year	<u>2,224,392</u>	<u>2,224,392</u>	<u>2,224,392</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 2,149,734</u>	<u>\$ 898,650</u>	<u>\$ 1,417,697</u>	<u>\$ 519,047</u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 2,300,000	\$ 2,131,800	\$ 2,132,406	\$ 606
Charges for Services	700,000	700,000	935,690	235,690
Intergovernmental	186,106	186,106	286,236	100,130
Miscellaneous	<u>50,000</u>	<u>15,004</u>	<u>15,127</u>	<u>123</u>
Total receipts	<u>\$ 3,236,106</u>	<u>\$ 3,032,910</u>	<u>\$ 3,369,459</u>	<u>\$ 336,549</u>
Disbursements				
Current:				
Public Safety	\$ 3,615,296	\$ 3,664,296	\$ 3,074,075	\$ 590,221
Capital Outlay	<u>171,500</u>	<u>176,700</u>	<u>129,591</u>	<u>47,109</u>
Total Disbursements	<u>3,786,796</u>	<u>3,840,996</u>	<u>3,203,666</u>	<u>637,330</u>
Excess of Receipts Over (Under) Disbursements	(550,690)	(808,086)	165,793	973,879
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 0	\$ 24,601	\$ 24,601
Net Change in Fund Balance	(550,690)	(808,086)	190,394	998,480
Fund Balance Beginning of Year	<u>2,109,391</u>	<u>2,109,391</u>	<u>2,109,391</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 1,558,701</u></u>	<u><u>\$ 1,301,305</u></u>	<u><u>\$ 2,299,785</u></u>	<u><u>\$ 998,480</u></u>

See accompanying notes to the basic financial statements

Harrison Township
Montgomery County

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 1 – Reporting Entity

Harrison Township, Montgomery County, Ohio (the Township), is a body politic and corporate established in 1841 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, road and bridge maintenance, zoning, community development, fire protection and emergency medical services. The Township contracts with Montgomery County Sheriff's Office for police protection.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

The Township does not consist of any component units, which are legally separate organizations for which the Township is financially accountable.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Township does not participate in any jointly governed organizations; however the Township contracts with Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool who provides property and casualty coverage for its members. Note 7 to the financial statements provide additional information for this entity.

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

Harrison Township
Montgomery County

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. All of the Township's activities are governmental.

The statement of net assets presents the cash and investment balances of the governmental activities of the Township at year-end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All of the Township's funds are categorized as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds in 2010 and 2009 were the General, Road & Bridge, Waste Disposal, Police District, and Fire District funds.

General Fund - is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Road and Bridge Fund – This fund receives property tax money to pay for constructing, maintaining and repairing Township roads.

Waste Disposal Fund - This fund receives fees the Township charges to residents for providing waste disposal services.

Police District Fund – This fund receives property tax money to provide police services to residents of the Township.

Fire District Fund – This fund receives property tax money and revenue generated from the emergency medical services it provides.

The Township's other governmental funds account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township's Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

In 2010 and 2009, the Township invests in a U.S. Treasury Notes and STAR Ohio. U.S. Treasury Notes are reported at the cost of the investment.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2010 and 2009.

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (continued)

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 negative receipts, respectively.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2010 was \$335,979, and \$22,414 to other funds. Interest receipts credited to the General Fund during 2009 was \$439,046 and \$24,467 to other funds.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2010 and 2009.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township does not have any restricted assets.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (continued)

K. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and the principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for grants. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

N. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Road and Bridge, Waste Disposal, Police District, and Fire District funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balances (cash basis). There were no encumbrances at year end December 31, 2010 and 2009.

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 4 - Deposits and Investments (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Township had \$150 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-ended December 31, 2010, the carrying amount of the Township’s deposits was \$7,431,484 and the bank balance was \$7,615,325. Of which \$7,115,325 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Township’s name.

At year-ended December 31, 2009, the carrying amount of the Township’s deposits was \$4,218,642 and the bank balance was \$4,363,366. Based on criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures” \$3,863,366 was exposed to custodial risk while \$500,000 was covered by federal depository insurance corporation.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township’s investment policy addresses interest rate risk by requiring that the Township’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk - The U.S Treasury Bonds & Notes carries a rating of AAA by Standard and Poor’s and Moodies and STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Township’s investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 4 - Deposits and Investments (continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bonds and Notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

As of December 31, 2010 and 2009, the Township had the following investments:

<u>2010</u> Investment Type	Carrying Value	Less than 1	1-2	3-5
U.S. Treasury Bonds & Notes	\$2,998,062	\$0	\$0	\$2,998,062
STAR Ohio	2,204,635	2,204,635	0	0
Total Investments	<u>\$5,202,697</u>	<u>\$2,204,635</u>	<u>\$0</u>	<u>\$2,998,062</u>

<u>2009</u> Investment Type	Carrying Value	Less than 1	1-2	3-5
U.S. Treasury Bonds & Notes	\$7,200,401	\$500,634	\$0	\$6,699,767
STAR Ohio	108,549	108,549	0	0
Total Investments	<u>\$7,308,950</u>	<u>\$609,183</u>	<u>\$0</u>	<u>\$6,699,767</u>

Concentration of credit risk - is the risk of loss attributed to the amount of a government's investment in any single issuer. The Township has no investment policy limiting the amount that may be invested in any one issuer.

Reconciliation of Cash and its Investment to the Statement of Net Assets

The following is a reconciliation of cash and investment to the Statement of Net Assets at December 31:

	<u>2010</u>	<u>2009</u>
Investment (summarized above)	\$ 5,202,697	\$ 7,308,950
Carrying amount of Township's deposits	7,431,484	4,218,642
Petty Cash	150	150
Pooled Cash and Investments – Statement of Net Assets	<u>\$ 12,634,331</u>	<u>\$ 11,527,742</u>

Harrison Township
Montgomery County

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date.

Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax (other than public utility property) were entirely phased out in 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2010 and 2009 was \$23.97 and \$21.00 per \$1,000 of assessed value, respectively. The assessed values of real property, public utility property, and tangible personal property upon which 2010 and 2009 property tax receipts were based are as follows:

	<u>2010</u>	<u>2009</u>
Real Property		
Residential/Agriculture	\$204,628,340	\$205,460,030
Commercial/Industrial	120,190,080	119,541,600
Public Utility Tangible Personal Property	6,794,880	7,010,670
Total Assessed Value	<u>\$331,613,300</u>	<u>\$332,012,300</u>

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 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.

During 2010 and 2009, the Township contracted with 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. APEET reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. 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 aggregate per year. Governments can elect up to \$13,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to an aggregate of \$10,000,000.

Property Coverage

The Travelers Indemnity Corporation reinsures specific losses exceeding \$500,000 up to \$600,000,000 per occurrence. APEEP reinsures members for a specific losses exceeding \$150,000 up to \$500,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides property aggregate stop loss coverage to APEEP based upon the combined Members' Total Insurable Value (TIV). If the stop loss is reached by payment of the Pools retained losses, Travelers will then reinsure property specific losses in excess of the retention up to their \$600,000,000 per occurrence limit. Additionally, effective January 1, 2009, APEEP provides an additional aggregate for the \$50,000 excess \$100,000 layer, with the aggregate limit tied to TIV, for the insurance coverages to the Pools.

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 township.

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

Harrison Township
Montgomery County

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 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, 2009 and 2008 (the latest information available):

<u>Casualty Coverage</u>	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Retained earnings	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, liabilities noted above include approximately \$12.0 million and \$12.1 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.5 million and \$10.0 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

Based on discussions with OTARMA, the expected rates charged by OTARMA 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 liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Year</u>	<u>Contribution</u>
2010	\$47,118
2009	\$43,188
2008	\$49,487

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they 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.

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-5601, or by calling (614) 222- 6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010 and 2009, member and contribution rates were consistent across all three plans, law enforcement and public safety divisions exist only within the traditional plan. The 2010 and 2009, member contribution rates were 10.0 percent, for members in state and local classifications, public safety and law enforcement members contributed 10.1 percent and 11.1 percent, respectively.

The Township's contribution rate for 2010 and 2009 was 14.0 percent, of covered payroll, except for those plan members in law enforcement or public safety, for whom the Township contribution was 17.87 percent for 2010 and 17.4 percent for 2009 of covered payroll.

The Township's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$251,184, 239,224, and \$231,550, respectively; 100 percent has been contributed for 2010, 2009 and 2008.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 7 – Defined Benefit Pension Plan (continued)

Plan members are required to contribute 10.0 percent of their annual covered salary, while the Township is required to contribute 24.0 percent for firefighters. Contribution rates are established by state statute. The OP & F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The Township's contributions to the fund for firefighters were \$296,094, \$283,934 and \$262,200 for the years ended December 31, 2010, 2009 and 2008, respectively. The full amount has been contributed for 2010, 2009 and 2008.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan. For qualifying members of the Traditional Pension and Combined Plans, this plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement. Those belonging to the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 and 2009, local government employer units contributed at 14 percent of covered payroll and law enforcement or public safety contribution was 17.87 percent for 2010 and 17.4 percent for 2009. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement or public safety units. Active members do not make contributions to the OPEB plan.

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 8 - Postemployment Benefits (continued)

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For January 1 through February 28, 2010, the employer contribution allocated to the health care plan was 5.5 percent and 5.0 percent from March 1 through December 31, 2010, respectively, of covered payroll. For January 1 through March 31, 2009, the employer contribution allocated to the health care plan was 7.0 percent and 5.5 percent from April 1 through December 31, 2009, respectively, of covered payroll. The portion of employer contributions allocated to health care for members in the combined plan was 4.73 percent from January 1, 2010 through February 28, 2010 and 4.23 percent from March 1, 2010 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

The Township's contributions to OPERS to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$85,402, \$98,082, and \$93,153, respectively; 100 percent has been contributed for 2010, 2009, and 2008.

The OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates for state and local employers increased as of January 1, of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the healthcare plan.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 8 - Postemployment Benefits (continued)

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions to OP&F to fund postemployment benefits for the years ended December 31, 2010, 2009, and 2008 were \$83,202, \$79,785, and \$73,745, respectively; 100 percent has been contributed for 2010, 2009, and 2008.

Note 9 - Contingent Liabilities

As of December 31, 2010, the Township is a defendant in various cases. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not have a material adverse affect on the Township's financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Harrison Township
Montgomery County
5945 North Dixie Drive
Dayton, Ohio 45414

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Harrison Township, Montgomery County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 1, 2011, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect, and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected, and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 grant 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 1, 2011.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

June 1, 2011



Dave Yost • Auditor of State

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
JULY 19, 2011**