



**HARRISON TOWNSHIP
PICKAWAY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007-2006



Mary Taylor, CPA
Auditor of State

HARRISON TOWNSHIP
PICKAWAY COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Harrison Township
Pickaway County
290 East Main Street
Ashville, Ohio 43103

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, Pickaway County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Harrison Township, Pickaway County, Ohio, as of and for the years ended December 31, 2007 and 2006, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge and Fire District Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2006, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

September 4, 2008

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

This discussion and analysis of Harrison Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's modified 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 2007 are as follows:

Net assets of governmental activities increased \$390,143, or 70 percent, a significant change from the prior year. The funds most affected by the increase were the Fire Fund (\$246,563, or 319%) and the General Fund (\$102,267, or 91%). The Fire Fund began charging for Emergency Medical Service transportation during 2006 and received \$302,547 in 2007 and \$14,359 in 2006. The General Fund received an additional \$79,000 in estate taxes and \$40,000 in zoning permits in 2007.

The Township's general receipts are primarily property taxes and intergovernmental. These receipts represent respectively 71 and 20 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 increased 16 percent compared to 2006.

The Cemetery Fund decreased \$6,939, or 20 percent due to increased expenses and limited income. The Trustees passed an increase in cemetery lot fees in January 2008.

The fire department part time wages were increased on January 1 in accordance with the Ohio Minimum Wage increase. The Collective Bargaining Agreement between the Township and the International Association of Firefighters Local 3896 was negotiated and became effective on June 1, 2007 through May 31, 2010. In this contract, the Ohio Police & Fire Pension Fund mandatory ten percent (10%) employee contribution was changed from a pick-up plan to payroll reduction.

The Township began using direct deposit for payroll in July 2007.

In an effort to plan for the future development of the northern portion of the county, the Board of County Commissioners, Pickaway County, Ohio ("County"), The Village of Ashville, Ohio ("Ashville"), the Village of South Bloomfield, Ohio, ("South Bloomfield"), and the Township signed the North Gate Alliance Cooperative Economic Development Agreement (CEDA) on December 13, 2004. Then on August 30, 2007, the Northern Pickaway County Joint Economic Development Agreement (JEDD) between the City of Columbus, the Village of Ashville, and the Township and the Annexation Moratorium Agreement (the "Agreement") among the City of Columbus, the Village of Ashville, the Village of South Bloomfield, and the Township were signed. These agreements allow the Township to partner in the development of, control the zoning of, and realize significant economic benefits of its growth as it shares in income taxes on any new businesses locating in the agreement area. The N&S Intermodal Facility and a 40,808 square foot warehouse have been built in the JEDD area and are scheduled to open March 2008. The Annexation Moratorium Agreement successfully creates a buffer area between the Township and the City of Columbus for fifty years.

The Fire and EMS levy for 2.5 mills, which consolidated and replaced two prior levies, passed in March 2008.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Key highlights for 2006 are as follows:

Net assets of governmental activities decreased \$54,164, or 9 percent, which was mainly caused by a decrease in the MARCS Communication Grant Fund of \$100,000 and an increase in the Gasoline Tax Fund of \$65,151.

In addition to Walnut and Madison Townships, the Fire Department contracted with Muhlenberg and Jackson Townships to provide Fire and EMS services starting January 1, 2006, for an annual fee of \$27,000 and \$21,000, respectively. The Fire Fund began charging for Emergency Medical Services transport in July of 2006, with receipts starting in October for a total of \$14,359 in 2006.

The Township's general receipts are primarily property taxes and intergovernmental. These receipts represent respectively 55 and 14 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 increased 2 percent compared to 2005.

The Cemetery Fund decreased \$17,385, or 33 percent due to increased expenses and limited income.

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 modified 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.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government 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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
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(Continued)**

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. 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 or business-type activity 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 modified 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 and income taxes.

In the statement of net assets and the statement of activities, the governmental activities include the Township's programs and services, including general government services, road and bridge maintenance, fire services, and the cemetery. State and federal grants 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. The funds of the Township are all listed as governmental funds.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the 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, Gasoline Tax, Road and Bridge Fund, 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. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
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(Continued)**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a modified cash basis:

Assets	Net Assets	
	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Cash and Cash Equivalents	\$688,739	\$283,222
Investments	261,691	277,065
Total Assets	<u>\$950,430</u>	<u>\$560,287</u>
Net Assets		
Restricted for:		
Other Purposes	\$734,890	\$447,464
Unrestricted	215,540	112,823
Total Net Assets	<u>\$950,430</u>	<u>\$560,287</u>

As mentioned previously, net assets of governmental activities increased \$390,143, or 70 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- The fire department began charging for Emergency Medical Services transport during 2006 and received \$302,547 in 2007 and \$14,359 in 2006.
- The General Fund received an additional \$79,000 in estate taxes and \$40,000 in zoning permits in 2007.

**HARRISON TOWNSHIP
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
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Table 2 reflects the changes in net assets on a modified cash basis in 2007 and 2006 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$725,240	\$365,095
Operating Grants and Contributions	254,384	109,432
Total Program Receipts	979,624	474,527
General Receipts:		
Property and Other Local Taxes	807,823	673,404
Grants and Entitlements Not Restricted to Specific Programs	220,788	63,563
Sale of Notes	90,000	
Earnings on Investments	8,466	9,166
Miscellaneous	3,462	14,104
Total General Receipts	1,130,538	760,237
Total Receipts	2,110,162	1,234,764
Disbursements:		
General Government	122,547	107,999
Public Safety	971,997	961,998
Public Works	339,355	159,576
Health	54,090	56,355
Capital Outlay	230,011	3,000
Principal Retirement		
Interest	2,021	
Total Disbursements	1,720,020	1,288,928
Excess (Deficiency) Before Transfers	390,142	(54,164)
Transfers		
Increase (Decrease) in Net Assets	390,142	(54,164)
Net Assets, January 1	560,287	614,451
Net Assets, December 31	\$950,430	\$560,287

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
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Program receipts represent 46 percent and 38 percent of total receipts for 2007 and 2006, respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, zoning and building permits, cemetery fees, charges for Emergency Medical Services transport and charges to Walnut, Madison, Jackson and Muhlenberg Townships for fire and emergency medical services provided under contract.

General receipts represent 54 percent and 62 percent of the Township's total receipts for 2007 and 2006, respectively, and of this amount, over 70 percent and 88 percent for 2007 and 2006, respectively, are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts and are 20 percent and 9 percent, respectively. Other receipts are very insignificant and somewhat unpredictable revenue sources.

In 2007 and 2006 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 salaries for trustees, fiscal officer, zoning inspector, zoning board and zoning appeals board members; UAN fees, tax collection fees, utilities, payroll expenses, and finally transfers supporting other funds as needed.

Public Safety is the costs of fire and EMS protection; Public Works are the costs of maintaining the road and bridges; Health is the costs of maintaining the cemetery and County Health department; and Capital Outlay is various capital projects.

Governmental Activities

If you look at the Statement of Activities on pages 12 and 20 for 2007 and 2006 respectively, 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 in 2007 are for public safety and public works, which account for 57 percent and 18 percent of all governmental disbursements, respectively. The major program disbursements for governmental activities in 2006 are for public safety and public works, which account for 75 percent and 12 percent of all governmental disbursements, respectively. General government also represents a significant cost, 7 percent in 2007 and 8% in 2006. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government 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
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
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A comparison between the total cost of services and the net cost is presented in Table 3.

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$122,547	(\$76,972)	\$107,999	(\$101,125)
Public Safety	971,997	(333,381)	961,998	(652,785)
Public Works	339,355	(84,970)	159,576	(50,144)
Health	54,090	(13,040)	56,355	(7,347)
Economic Development				
Basic Utilities				
Other				
Capital Outlay	230,011	(230,011)	3,000	(3,000)
Principal Retirement				
Interest and Fiscal Charges	2,021	(2,021)	0	
Total Expenses	\$1,720,020	\$740,395	\$1,288,928	(\$814,401)

The dependence upon property and income tax receipts is apparent as over 47 percent and 52 percent for 2007 and 2006, respectively, of governmental activities are supported through these general receipts.

The Township's Funds

In 2007, the total governmental funds had receipts of \$2,020,162 and disbursements of \$1,720,020. The greatest change within governmental funds occurred within the General and Fire Funds. The fund balance of the General Fund increased \$102,267 as the result of increased estate tax receipts and zoning permits. The fund balance of the Fire Fund increases \$246,563 as a result of EMS billing.

In 2006, the total governmental funds had receipts of \$1,234,766 and disbursements of \$1,288,929. The greatest change within governmental funds occurred within the Gasoline Tax and MARCS Communication Grant Funds. The fund balance of the Gasoline Tax increased \$65,151 as the result of increased receipts. The fund balance of the MARCS Communication Grant Fund decreased \$100,000 as a result of funding the grant.

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 2007 and 2006, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were more than original budgeted receipts due to additional licenses permits and fees and intergovernmental receipts. Actual receipts exceeded final budgeted receipts by \$145,713 for 2007 and \$16,695 for 2006, primarily due to intergovernmental receipts.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

In 2007, the General Fund's appropriations were decreased from the original budgeted amounts. Final disbursements were budgeted at \$154,900 while actual disbursements were \$136,806. The Township did not spend more than was appropriated.

In 2006, General Fund appropriations were not increased from the original budgeted amounts. Final disbursements were budgeted at \$187,804 while actual disbursements were \$120,194.

Capital Assets and Debt Administration

Capital Assets

The Township currently keeps track of its capital assets and infrastructure and regularly reports to our insurance company.

Debt

At December 31, 2007, the Township's outstanding debt included \$90,000 in general obligation notes issued for a new ambulance. For further information regarding the Township's debt, refer to Note 10 to the basic financial statements.

Current Issues

The challenge for all Townships 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 local 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 Harrison 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 Suzanne Trego, Fiscal Officer, P.O. Box 290, Ashville, Ohio, 43103.

HARRISON TOWNSHIP
PICKAWAY COUNTY

Statement of Net Assets - Modified Cash Basis
December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 688,739
Investments	261,691
<i>Total Assets</i>	<u>950,430</u>
Net Assets	
Restricted for:	
Other Purposes	734,890
Unrestricted	215,540
<i>Total Net Assets</i>	<u>\$ 950,430</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2007**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 122,547	\$ 45,575	\$ -	\$ -	\$ (76,972)
Public Safety	971,997	638,615	-	-	(333,382)
Public Works	339,355	-	106,976	147,408	(84,971)
Health	54,090	41,050	-	-	(13,040)
Capital Outlay	230,011	-	-	-	(230,011)
Debt Service:					
Interest & Fiscal Charges	2,020	-	-	-	(2,020)
Total Governmental Activities	\$ 1,720,020	\$ 725,240	\$ 106,976	\$ 147,408	(740,396)
General Receipts					
Property Taxes Levied For:					
General Purposes				\$	81,576
Public Works					118,950
Fire Protection					579,174
Grants and Entitlements not Restricted to Specific Programs					248,911
Sale of Notes					90,000
Earnings on Investments					8,466
Miscellaneous					3,462
Total General Receipts					1,130,539
Change in Net Assets					390,143
Net Assets Beginning of Year					560,287
Net Assets End of Year				\$	950,430

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007**

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 122,461	\$ 138,721	\$ 86,135	\$ 323,777	\$ 17,645	\$ 688,739
Investments	92,629	64,062	80,000	-	25,000	261,691
Total Assets	\$ 215,090	\$ 202,783	\$ 166,135	\$ 323,777	\$ 42,645	\$ 950,430
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$ 215,090	\$ -	\$ -	\$ -	\$ -	\$ 215,090
Special Revenue Funds	-	202,783	166,135	323,777	42,645	735,340
Total Fund Balances	\$ 215,090	\$ 202,783	\$ 166,135	\$ 323,777	\$ 42,645	\$ 950,430

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**Statement of Modified Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007**

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts						
Property and Other Local Taxes	\$ 81,576	\$ -	\$ 118,950	\$ 579,174	\$ -	\$ 779,700
Charges for Services	-	-	-	638,615	-	638,615
Licenses, Permits and Fees	45,575	-	-	-	22,800	68,375
Intergovernmental	105,325	142,775	55,857	135,561	62,527	502,045
Earnings on Investments	6,459	1,953	-	-	55	8,467
Miscellaneous	138	-	103	4,020	18,700	22,961
Total Receipts	239,073	144,728	174,910	1,357,370	104,082	2,020,163
Disbursements						
Current:						
General Government	122,547	-	-	-	-	122,547
Public Safety	-	-	-	971,997	-	971,997
Public Works	4,990	120,422	143,337	-	70,605	339,354
Health	9,047	-	-	-	45,043	54,090
Capital Outlay	222	-	-	226,789	3,000	230,011
Debt Service:						
Interest and Fiscal Charges	-	-	-	2,021	-	2,021
Total Disbursements	136,806	120,422	143,337	1,200,807	118,648	1,720,020
Excess of Receipts Over (Under) Disbursements	102,267	24,306	31,573	156,563	(14,566)	300,143
Other Financing Sources (Uses)						
Sale of Notes	-	-	-	90,000	-	90,000
Total Other Financing Sources (Uses)	-	-	-	90,000	-	90,000
Net Change in Fund Balances	102,267	24,306	31,573	246,563	(14,566)	390,143
Fund Balances Beginning of Year	112,823	178,477	134,562	77,214	57,211	560,287
Fund Balances End of Year	<u>\$ 215,090</u>	<u>\$ 202,783</u>	<u>\$ 166,135</u>	<u>\$ 323,777</u>	<u>\$ 42,645</u>	<u>\$ 950,430</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 93,368	\$ 71,000	\$ 81,576	\$ 10,576
Licenses, Permits and Fees	-	3,000	45,575	42,575
Intergovernmental	-	12,860	105,325	92,465
Earnings on Investments	-	6,000	6,459	459
Miscellaneous	-	500	138	(362)
<i>Total receipts</i>	<u>93,368</u>	<u>93,360</u>	<u>239,073</u>	<u>145,713</u>
Disbursements				
Current:				
General Government	152,000	135,100	122,547	12,553
Public Safety	10,000	700	-	700
Public Works	5,000	5,000	4,990	10
Health	10,000	9,100	9,047	53
Capital Outlay	10,000	5,000	222	4,778
<i>Total Disbursements</i>	<u>187,000</u>	<u>154,900</u>	<u>136,806</u>	<u>18,094</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(93,632)</u>	<u>(61,540)</u>	<u>102,267</u>	<u>163,807</u>
Other Financing Sources				
Other Financing Sources	-	8	-	(8)
<i>Total Other Financing Sources</i>	<u>-</u>	<u>8</u>	<u>-</u>	<u>(8)</u>
<i>Net Change in Fund Balance</i>	(93,632)	(61,532)	102,267	163,799
<i>Fund Balance Beginning of Year</i>	<u>112,823</u>	<u>112,823</u>	<u>112,823</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 19,191</u>	<u>\$ 51,291</u>	<u>\$ 215,090</u>	<u>\$ 163,799</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Intergovernmental	\$ 55,718	\$ 55,718	\$ 142,775	\$ 87,057
Earnings on Investments	-	-	1,953	1,953
<i>Total receipts</i>	<u>55,718</u>	<u>55,718</u>	<u>144,728</u>	<u>89,010</u>
Disbursements				
Current:				
Public Works	126,000	121,636	120,422	1,214
Capital Outlay	10,000	-	-	-
<i>Total Disbursements</i>	<u>136,000</u>	<u>121,636</u>	<u>120,422</u>	<u>1,214</u>
<i>Net Change in Fund Balance</i>	(80,282)	(65,918)	24,306	90,224
<i>Fund Balance Beginning of Year</i>	<u>178,477</u>	<u>178,477</u>	<u>178,477</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 98,195</u>	<u>\$ 112,559</u>	<u>\$ 202,783</u>	<u>\$ 90,224</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 87,895	\$ 85,000	\$ 118,950	\$ 33,950
Intergovernmental	-	2,895	55,857	52,962
Miscellaneous	-	-	104	104
<i>Total receipts</i>	<u>87,895</u>	<u>87,895</u>	<u>174,911</u>	<u>87,015</u>
Disbursements				
Current:				
Public Works	170,000	162,661	143,338	19,323
<i>Total Disbursements</i>	<u>170,000</u>	<u>162,661</u>	<u>143,338</u>	<u>19,323</u>
<i>Net Change in Fund Balance</i>	(82,105)	(74,766)	31,573	106,339
<i>Fund Balance Beginning of Year</i>	<u>134,562</u>	<u>134,562</u>	<u>134,562</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 52,457</u>	<u>\$ 59,796</u>	<u>\$ 166,135</u>	<u>\$ 106,339</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 970,919	\$ 480,000	\$ 579,174	\$ 99,174
Charges for Services	-	550,000	638,615	88,615
Intergovernmental	-	40,000	135,561	95,561
Miscellaneous	-	10,919	4,020	(6,899)
<i>Total receipts</i>	<u>970,919</u>	<u>1,080,919</u>	<u>1,357,370</u>	<u>276,451</u>
Disbursements				
Current:				
Public Safety	835,500	993,116	971,997	21,119
Capital Outlay	-	226,828	226,789	39
Debt Service:				
Interest and Fiscal Charges	-	2,025	2,021	4
<i>Total Disbursements</i>	<u>835,500</u>	<u>1,221,969</u>	<u>1,200,807</u>	<u>21,162</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>135,419</u>	<u>(141,050)</u>	<u>156,563</u>	<u>255,289</u>
Other Financing Sources (Uses)				
Sale of Notes	-	90,000	90,000	
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	135,419	(51,050)	246,563	297,613
<i>Fund Balance Beginning of Year</i>	<u>77,214</u>	<u>77,214</u>	<u>77,214</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 212,633</u>	<u>\$ 26,164</u>	<u>\$ 323,777</u>	<u>\$ 297,613</u>

See accompanying notes to the basic financial statements

HARRISON TOWNSHIP
PICKAWAY COUNTY

Statement of Net Assets - Modified Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Cash	\$ 283,222
Investments	277,065
<i>Total Assets</i>	<u>\$ 560,287</u>
Net Assets	
Restricted for:	
Other Purposes	\$ 447,464
Unrestricted	112,823
<i>Total Net Assets</i>	<u>\$ 560,287</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 107,999	\$ 6,873	\$ -	\$ -	\$ (101,126)
Public Safety	961,998	309,213	-	-	(652,785)
Public Works	159,576	-	95,362	14,070	(50,144)
Health	56,355	49,009	-	-	(7,346)
Capital Outlay	3,000	-	-	-	(3,000)
<i>Total Governmental Activities</i>	<u>1,288,928</u>	<u>365,095</u>	<u>95,362</u>	<u>14,070</u>	(814,401)
General Receipts					
Property Taxes Levied For:					
General Purposes				\$	71,292
Public Works					93,706
Fire Protection					508,406
Grants and Entitlements not Restricted to Specific Programs					63,563
Earnings on Investments					9,166
Miscellaneous					14,104
<i>Total General Receipts</i>					760,237
Change in Net Assets					(54,164)
<i>Net Assets Beginning of Year</i>					614,451
<i>Net Assets End of Year</i>				\$	<u>560,287</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006**

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets						
Cash	\$ 3,421	\$ 115,814	\$ 54,562	\$ 77,214	\$ 32,211	\$ 283,222
Investments	109,402	62,663	80,000	-	25,000	277,065
<i>Total Assets</i>	<u>\$ 112,823</u>	<u>\$ 178,477</u>	<u>\$ 134,562</u>	<u>\$ 77,214</u>	<u>\$ 57,211</u>	<u>\$ 560,287</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$ 112,823	\$ -	\$ -	\$ -	\$ -	\$ 112,823
Special Revenue Funds	-	178,477	134,562	77,214	57,211	447,464
<i>Total Fund Balances</i>	<u>\$ 112,823</u>	<u>\$ 178,477</u>	<u>\$ 134,562</u>	<u>\$ 77,214</u>	<u>\$ 57,211</u>	<u>\$ 560,287</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWY COUNTY**

**Statement of Modified Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006**

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts						
Property and Other Local Taxes	\$ 71,292	\$ -	\$ 93,706	\$ 508,406	\$ -	\$ 673,404
Charges for Services	-	-	-	323,572	-	323,572
Licenses, Permits and Fees	6,873	-	-	-	20,250	27,123
Intergovernmental	21,846	86,232	9,359	37,050	18,510	172,997
Earnings on Investments	6,791	2,273	-	-	101	9,165
Miscellaneous	541	-	-	13,564	14,400	28,505
Total Receipts	107,343	88,505	103,065	882,592	53,261	1,234,766
Disbursements						
Current:						
General Government	107,999	-	-	-	-	107,999
Public Safety	20	-	-	861,978	100,000	961,998
Public Works	4,854	23,354	95,513	-	35,855	159,576
Health	7,321	-	-	-	49,035	56,356
Capital Outlay	-	-	-	-	3,000	3,000
Total Disbursements	120,194	23,354	95,513	861,978	187,890	1,288,929
Net Change in Fund Balances	(12,851)	65,151	7,552	20,614	(134,629)	(54,163)
Fund Balances Beginning of Year	125,674	113,326	127,010	56,600	191,840	614,450
Fund Balances End of Year	<u>\$ 112,823</u>	<u>\$ 178,477</u>	<u>\$ 134,562</u>	<u>\$ 77,214</u>	<u>\$ 57,211</u>	<u>\$ 560,287</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 90,648	\$ 90,648	\$ 71,292	\$ (19,356)
Licenses, Permits and Fees	-	-	6,873	6,873
Intergovernmental	-	-	21,846	21,846
Earnings on Investments	-	-	6,791	6,791
Miscellaneous	-	-	541	541
<i>Total receipts</i>	<u>90,648</u>	<u>90,648</u>	<u>107,343</u>	<u>16,695</u>
Disbursements				
Current:				
General Government	152,684	152,804	107,999	44,805
Public Safety	10,000	10,000	20	9,980
Public Works	5,000	5,000	4,854	146
Health	10,000	10,000	7,321	2,679
Capital Outlay	10,000	10,000	-	10,000
<i>Total Disbursements</i>	<u>187,684</u>	<u>187,804</u>	<u>120,194</u>	<u>67,610</u>
<i>Net Change in Fund Balance</i>	(97,036)	(97,156)	(12,851)	84,305
<i>Fund Balance Beginning of Year</i>	124,990	124,990	124,990	-
Prior Year Encumbrances Appropriated	<u>684</u>	<u>684</u>	<u>684</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 28,638</u>	<u>\$ 28,518</u>	<u>\$ 112,823</u>	<u>\$ 84,305</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

***Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006***

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 54,096	\$ 54,096	\$ 86,232	\$ 32,136
Earnings on Investments	-	-	2,273	2,273
<i>Total receipts</i>	<u>54,096</u>	<u>54,096</u>	<u>88,505</u>	<u>34,409</u>
Disbursements				
Current:				
Public Works	126,021	126,021	23,354	102,667
Capital Outlay	10,000	10,000	-	10,000
<i>Total Disbursements</i>	<u>136,021</u>	<u>136,021</u>	<u>23,354</u>	<u>112,667</u>
<i>Net Change in Fund Balance</i>	(81,925)	(81,925)	65,151	147,076
<i>Fund Balance Beginning of Year</i>	113,305	113,305	113,305	-
Prior Year Encumbrances Appropriated	21	21	21	-
<i>Fund Balance End of Year</i>	<u>\$ 31,401</u>	<u>\$ 31,401</u>	<u>\$ 178,477</u>	<u>\$ 147,076</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

***Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2006***

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 85,335	\$ 85,335	\$ 93,706	\$ 8,371
Intergovernmental	-	-	9,359	9,359
<i>Total receipts</i>	<u>85,335</u>	<u>85,335</u>	<u>103,065</u>	<u>17,730</u>
Disbursements				
Current:				
Public Works	170,430	170,430	95,513	74,917
<i>Total Disbursements</i>	<u>170,430</u>	<u>170,430</u>	<u>95,513</u>	<u>74,917</u>
<i>Net Change in Fund Balance</i>	(85,095)	(85,095)	7,552	92,647
<i>Fund Balance Beginning of Year</i>	126,580	126,580	126,580	-
Prior Year Encumbrances Appropriated	430	430	430	-
<i>Fund Balance End of Year</i>	<u>\$ 41,915</u>	<u>\$ 41,915</u>	<u>\$ 134,562</u>	<u>\$ 92,647</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 826,135	\$ 826,135	\$ 508,406	\$ (317,729)
Charges for Services	-	-	323,572	323,572
Intergovernmental	-	-	37,050	37,050
Miscellaneous	-	-	13,563	13,563
<i>Total receipts</i>	<u>826,135</u>	<u>826,135</u>	<u>882,591</u>	<u>56,456</u>
Disbursements				
Current:				
Public Safety	842,277	878,777	861,978	16,799
<i>Total Disbursements</i>	<u>842,277</u>	<u>878,777</u>	<u>861,978</u>	<u>16,799</u>
<i>Net Change in Fund Balance</i>	(16,142)	(52,642)	20,613	73,255
<i>Fund Balance Beginning of Year</i>	49,824	49,824	49,824	-
Prior Year Encumbrances Appropriated	<u>6,777</u>	<u>6,777</u>	<u>6,777</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 40,459</u>	<u>\$ 3,959</u>	<u>\$ 77,214</u>	<u>\$ 73,255</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006**

Note 1 – Reporting Entity

The Harrison Township, Pickaway County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Clerk.

The reporting entity is comprised of the primary government 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, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Williamsport-Harrison Volunteer Fire Department for fire protection. Police protection is provided by Pickaway County Sheriff's Department. The Township contracts with the Village of Williamsport for emergency medical ambulance services.

B. Joint Ventures and Public Entity Risk Pool

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the *modified* cash basis of accounting, the Township does not report assets for equity interests in joint ventures. The Township participates in two joint ventures.

Joint Ventures:

North Gate Alliance Cooperative Economic Development Agreement (CEDA) – The Harrison Township Board of Trustees approved an agreement with the Board of County Commissioners, Pickaway County, Ohio (“County”), The Village of Ashville, Ohio (“Ashville”), and South Bloomfield, Ohio, (“South Bloomfield”) to cooperate in creating and preserving jobs and employment opportunities and to cooperate in inducing and fostering economic development.

Northern Pickaway County Joint Economic Development District (JEDD) - The Harrison Township Board of Trustees approved the formation of this district with the City of Columbus (“Columbus”) and the Village of Ashville (“Ashville”). The parties have entered into a contract to create and provide for the operation of the JEDD in accordance with Sections 715.72 through 715.83 of the Revised Code. The purpose of the JEDD is to facilitate economic development, to create or preserve jobs and employment opportunities, and to improve the economic welfare of the people in the State of Ohio, Pickaway County, Columbus, Ashville, and Harrison Township.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority – This risk-sharing pool, available to Ohio Townships provides property and casualty insurance for its members.

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

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified-cash basis of accounting. This modified 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 modified cash basis of accounting.

In the government-wide financial statements for the governmental activities, 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 modified-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, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions and fees charged to external parties for goods or services.

The statement of net assets presents the modified cash balance 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 and grants and contributions restricted to meeting the operational requirements of 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 modified-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. Non major funds are aggregated and presented in a single column.

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. The funds of the Township are classified as governmental funds.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), other non-exchange transactions, and fees charged to external users for goods or services as governmental funds. The Township's major governmental funds are the General Fund, the Gasoline Tax Fund, the Road and Bridge Fund, and the Fire District Fund.

The 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. The Gasoline Tax Fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads. The Road and Bridge Fund received property and other local taxes for constructing, maintaining, and repairing Township roads and bridges. The Fire District Fund receives tax proceeds and charges for services to fund the Township's fire department.

The other governmental funds of the Township 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 modified-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.

As a result of the use of this modified-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 expenses and liabilities) are not recorded in these financial statements.

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 ordinance 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 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 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.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

The appropriations ordinance 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 ordinance 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 initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2006 and 2007 the Township invested nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund were \$6,459 in 2007 and \$6,791 in 2006

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.

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 modified-cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

K. 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 construction, maintaining and repairing Township roads.

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. The township did not reserve any portion of the fund balance for the year ended 2006 and 2007.

Note 3-Change in Basis of Accounting

In 2006 the Township implemented the modified-cash basis of accounting. The fund financial statement presents each major fund in a separate column with non-major funds aggregated and presented in a single column.

Note 4 - -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 Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, the Gasoline Tax Fund, the Road and Bridge Fund, and the Fire District Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 – 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 withdrawal 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 not 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.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

Note 5 – Deposits and Investments (continued)

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 per cent 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).

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.

A. Deposits

Custodial credit risk 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 end, the Township's bank balance was exposed to no custodial credit risk because those deposits were collateralized with securities held in the Township's name.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

Note 5 – Deposits and Investments (continued)

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.

B. Investments

As of December 31, 2007 the Township had the following investments and maturities:

Certificates of Deposit

Fund	Carrying Value	Maturity
General Fund	\$92,629	12 Months
Gasoline Tax	64,062	12 Months
Road and Bridge	80,000	12 Months
Cemetery	25,000	12 Months
Total Investments	\$261,691	

As of December 31, 2006 the Township had the following investments and maturities:

Certificates of Deposit

Fund	Carrying Value	Maturity
General Fund	\$109,402	12 Months
Gasoline Tax	62,663	12 Months
Road and Bridge	80,000	12 Months
Cemetery	25,000	12 Months
Total Investments	\$277,065	

The Certificates Of Deposit are investments made from monies in specific funds.

Note 6-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 2006 and 2007 represent the collection of 2005 and 2006 taxes respectively. Real property taxes received in 2006 and 2007 were levied after October 1, 2005 and October 1, 2006, on the assessed values as of January 1, 2005 and January 1, 2006 respectively. 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 2006 and 2007 represent the collection of 2005 and 2006 taxes respectively. Public utility real and tangible personal property taxes received in 2006 and 2007 became a lien on December 31, 2005 and December 31, 2006, were levied after October 1, 2005 and October 1, 2006 respectively, and are collected with real property taxes. Public utility real property is assessed at 35 per cent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

Note 6-Property Taxes (continued)

Tangible personal property tax receipts received in 2006 and 2007 (other than public utility property) represent the collection of 2006 and 2007 taxes respectively. Tangible personal property taxes received in 2006 and 2007 were levied after October 1, 2005 and October 1, 2006, on the true value as of December, 31, 2005 and December, 31, 2006 respectively. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. 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, 2006 were \$8.40 per \$1000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$16,447,090
Agriculture	\$3,599,690
Commercial/Industrial/Mineral	\$6,497,760
Public Utility Property	
Real Estate	\$115,400
Personal	\$9,265,670
Tangible Personal Property	<u>\$5,389,490</u>
Total Assessed Value	<u>\$41,315,100</u>

The full tax rate for all Township operations for the year ended December 31, 2007 were \$8.40 per \$1000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential	\$16,659,560
Agriculture	\$6,196,080
Commercial/Industrial/Mineral	\$6,590,740
Public Utility Property	
Real Estate	\$121,820
Personal	\$8,856,590
Tangible Personal Property	<u>\$3,289,621</u>
Total Assessed Value	<u>\$41,714,411</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

Note 7 – 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.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships. OTARMA provide property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

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

Property Coverage

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

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

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

Note 7 – Risk Management (continued)

	2007	2006
Assets	\$43,210,703	\$30,485,638
Liabilities	<u>(\$13,357,837)</u>	<u>(\$12,344,576)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$18,141,062</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$14,113. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

<u>Contributions to OTARMA</u>	
2005	\$17,711
2006	\$18,707
2007	\$15,014

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

Note 8- Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS) which has authority to establish and amend benefits as provided in Chapter 145 of the Ohio Revised Code. 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.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

Note 8- Defined Benefit Pension Plan (continued)

A. Ohio Public Employees Retirement System (continued)

OPERS provides retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of 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 health care coverage provided by OPERS meets the definition of an Other Post Employment Benefits (OPEB).

A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2007 and

2006, local governments, including the Township contributed at a rate of 13.85% and 13.7% of covered payroll respectively. The portion of employer contributions, for all employers, allocated to health care was 4.5% January 1, 2006 through December 31, 2006 and 5.00% from January 1, 2007 through June 30, 2007 and 6.00% from July 1 through December 31, 2007.

The 2007 and 2006 member contribution rates were 9.5% and 9.0% respectively for members in state and local classifications.

The ORC provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS.

Summary of Assumptions:

Actuarial Review – The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2006.

Funding Method – The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

Assets Valuation Method – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return – The investment assumption rate for 2006 was 6.50%.

Active Employee Total Payroll – An annual increase of 4.00% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health Care – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 5.00% for the next 8 years. In subsequent years, (9 and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

Note 8- Defined Benefit Pension Plan (continued)

A. Ohio Public Employees Retirement System (continued)

The Township's required contributions for pension obligations to the traditional and combined plans for 2007 and 2006 were all met.

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 information 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.

In 2007 and 2006 plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The Township is required to contribute 24 percent for firefighters. Contributions are authorized by State statute.

The Township's required contributions for pension obligations to the traditional and combined plans for 2007 and 2006 were all met.

Note 9- Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85% of covered payroll. The portion of employer contributions, for all employers, allocated to health care was 4.5% January 1, 2006 through December 31, 2006 and 5.00% from January 1, 2007 through June 30, 2007 and 6.00% from July 1 through December 31, 2007.

The number of active contributing participants in the traditional and combined plans was 374,979 as of 12/31/2007. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The Actuarial Valuation as of December 31, 2006, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008 which allowed additional funds to be allocated to the health care plan.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

Note 9- Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

OPERS issues a stand-alone financial report. Interested parties may obtain a copy in writing to OPERS, Attention: Finance Director, 277 E. Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Note 10 - Notes Payable

A summary of the note transactions for the year ended December 31, 2007, follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>
<u>Governmental Activities</u>					
<u>General Obligation Note</u>					
Issued 2007	4.49%	\$0.00	\$90,000	\$0.00	\$90,000

The Township issued general obligation notes to finance the purchase of a new ambulance. The notes were issued through the local bank. Debt payments and interest are payable in annual and semi-annual installments, respectively. Debt is paid from the Township's debt service fund.

Note schedule, including interest, is as follows:

Year ending December 31:	<u>Note #</u>	<u>General Obligation Notes</u>
2008	Note 07-1	33,368
2009	Note 07-2	32,020
2010	Note 07-3	30,674
Total		<u>\$96,062</u>

Note 11 – Joint Ventures

North Gate Alliance Cooperative Economic Development Agreement (CEDA) - The CEDA, which was passed by a Resolution dated 12/6/04, was created for the contracting parties to cooperate in creating and preserving jobs and employment opportunities and to cooperate in inducing and fostering economic development in the northern portion of the county. The CEDA agreement addresses the issues of utility services, annexation, road maintenance, fire and emergency service, and joint planning in the CEDA area, which includes all of unincorporated Harrison Township. The North Gate Alliance CEDA also provides for the sharing of income tax on any new businesses locating in the agreement area.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

Note 11 – Joint Ventures (continued)

Northern Pickaway County Joint Economic Development District (JEDD) - The JEDD, which was passed by Resolution #06-32 dated 06/19/2006, was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Pickaway County, Columbus, Ashville, the Township and the District. The contracting parties have previously contributed an aggregate amount of \$18,468 to pay initial formation, administration and other costs related to the District. The Township contributed \$3,294 of the initial costs in 2006. A Board of Directors has been established, which includes one member representing Columbus; one representing the Township; and one member selected by the two members described above. As businesses locate in the JEDD, one representative from a company within the JEDD will be on the board and one representative from workers in the JEDD will be on the board. The Board shall adopt bylaws and procedures for the regulations of the affairs of the Board and the conduct of business of the Board consistent with the Contract including the election of Board officers, the holdings and conducting of regular and special meetings, obtaining fiduciary bonds in connection with the Board's duties, the appropriations procedures to provide for payment of the expenses of the District and distribution of income tax revenues pursuant to the Contract, and the purchasing of goods and services and the making of capital improvements. The District's fiscal year shall be the calendar year. The Board shall adopt an annual budget for the District.

Overriding the JEDD agreement is an Annexation Moratorium Agreement (the "Agreement") dated August 30, 2007 by and among the City of Columbus, Ohio ("Columbus"), the Village of Ashville, Ohio ("Ashville"), the Village of South Bloomfield, Ohio ("South Bloomfield"), and the Township. This agreement established a 50-year moratorium on annexation of an area of land bounded by the Harrison Township line in the east, the Scioto River in the west and Duvall Road in the south by any of the municipalities that are a party to the agreement.

Note 12 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriations in the Gasoline Tax and Road and Bridge Funds at December 31, 2006.



Mary Taylor, CPA

Auditor of State

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

Harrison Township
Pickaway County
290 East Main Street
Ashville, Ohio 43103

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, Pickaway County, Ohio (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 4, 2008, 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 expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-002.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding number 2007-002 is also a material weakness.

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 4, 2008.

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

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



Mary Taylor, CPA
Auditor of State

September 4, 2008

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Non-Compliance Citation – Cafeteria Plan

Ohio Rev. Code Section 505.603 states that in lieu of providing benefits to trustees and employees under section 505.60, 505.601, or 505.602 of the Ohio Revised Code, a board of township trustees may offer benefits to officers and employees through a cafeteria plan that meets the requirements of section 125 of the Internal Revenue Code.

To offer benefits through such a plan, the township must adopt a policy authorizing trustees or employees to receive cash payments in lieu of benefits otherwise offered to them. These cash payments may not exceed twenty-five percent of the cost of premiums that otherwise would be paid by the board for benefits for the trustees or employees.

Furthermore no cash payment in lieu of a benefit is to be made unless the recipient provides a signed statement with the following information:

- an affirmation that the individual is covered under another plan for that type of coverage
- the name of the employer that sponsors the coverage
- the name of the carrier that provides the coverage
- the policy or plan number for the coverage

The Township reimburses certain trustees and employees at an amount equal to twenty-five percent of the cost of premiums that otherwise would be paid by the board. However, the Township does not have an eligible plan under Section 125 of the Internal Revenue Code, and does not require recipients of in lieu payments to provide a signed statement indicating this accompanied by the aforementioned documentation. For 2007 and 2006 payments totaled \$13,173 and \$10,199, respectively.

We recommend the Township implement a cafeteria plan that meets the requirements of Section 125 of the Internal Revenue Code, and require recipients of in lieu payments to provide a signed statement and required documentation.

Officials' Response:

We will correct this as soon as possible.

FINDING NUMBER 2007-002

Financial Statement Adjustments – Significant Deficiency/Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

HARRISON TOWNSHIP
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2007-002 (Continued)

Financial Statement Adjustments – Significant Deficiency/Material Weakness (Continued)

The following audit adjustments and reclassifications were made to the December 31, 2007 financial statements:

1. Entry to record \$147,408 of Ohio Public Works Commission on-behalf payments to vendors in the Governmental Activities; \$49,136 was allocated to the Motor Vehicle License Tax fund, Gasoline Tax Fund, and Road & Bridge Fund.
2. An \$83,629 reclassification within the Fire District Fund for grant receipts which were originally posted as Miscellaneous Revenue instead of Intergovernmental Receipts.
3. A \$2,021 reclassification to decrease Transfers Out and increase Interest and Fiscal Charges for an interest payment that was mis-posted.
4. A \$90,000 reclassification in the Fire Fund from Transfers In to Proceeds of Notes.

The following audit adjustment was made to the December 31, 2006 financial statements:

1. Entry to record \$14,070 of Ohio Public Works Commission on-behalf payments to vendors in the Governmental Activities; \$4,690 was allocated to the Motor Vehicle License Tax fund, Gasoline Tax Fund, and Road & Bridge Fund.

These adjustments were posted to the Township's accounting records.

Although the Township has implemented various controls over financial reporting, the need to issue audit adjustments and reclassifications suggests controls may not be effective or may not be operating as management intended.

We recommend the Township analyze controls currently in place over financial reporting and determine that the controls are functioning as intended and are adequate to reduce the risk of reporting incomplete or inaccurate financial information within the financial statements.

Officials' Response:

The Significant Deficiency/Material Weakness is because we failed to post a book entry to show the Issue II grant money that was paid by the Ohio Public Works Commission directly to our Weigand Road Phase III contractors. The funds never actually went through our accounts. While we agree that this oversight needs to be corrected, there was no mishandling of Township funds.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	ORC 5705.41(B) – Budgetary Expenditures Exceeding Appropriations	No	Partially Corrected – reissued in the management letter



Mary Taylor, CPA
Auditor of State

HARRISON TOWNSHIP

PICKAWAY 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
NOVEMBER 6, 2008**