

**HARRISON TOWNSHIP**

DAYTON REGION, LOGAN COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Harrison Township, Logan County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Harrison Township is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

July 15, 2011

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**HARRISON TOWNSHIP  
LOGAN COUNTY**

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# Manning & Associates

## Certified Public Accountants, LLC

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

### INDEPENDENT AUDITORS' REPORT

Harrison Township  
Logan County  
3133 Road 130  
Bellefontaine, Ohio 43311

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Logan County, (the Township), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Harrison Township Logan County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 24, 2011

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**HARRISON TOWNSHIP  
LOGAN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Governmental Fund Types</u>			<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 40,198	\$ 29,026	\$ 0	\$ 69,224
Charges for Services	4,186	0	0	4,186
Licenses, Permits, and Fees	2,091	0	0	2,091
Intergovernmental Receipts	48,292	106,815	105,985	261,092
Earnings on Investments	146	246	0	392
Miscellaneous	2,514	0	0	2,514
<b>Total Cash Receipts</b>	<u>\$ 97,427</u>	<u>\$ 136,087</u>	<u>\$ 105,985</u>	<u>\$ 339,499</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	\$ 58,623	\$ 928	\$ 0	\$ 59,551
Public Safety	25,625	14,910	0	40,535
Public Works	0	150,472	0	150,472
Health	900	0	0	900
Capital Outlay	2,751	0	105,985	108,736
<b>Total Cash Disbursements</b>	<u>\$ 87,899</u>	<u>\$ 166,310</u>	<u>\$ 105,985</u>	<u>\$ 360,194</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>9,528</u>	<u>(30,223)</u>	<u>0</u>	<u>(20,695)</u>
<b>Fund Cash Balances, January 1,</b>	<u>50,759</u>	<u>134,054</u>	<u>0</u>	<u>184,813</u>
<b>Fund Cash Balances, December 31,</b>	<u><u>\$ 60,287</u></u>	<u><u>\$ 103,831</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 164,118</u></u>

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

**HARRISON TOWNSHIP  
LOGAN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
PRIVATE PURPOSE TRUST  
FOR THE YEAR ENDED DECEMBER 31, 2010

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<b>Cash Receipts:</b>	
Earnings on Investments	\$ <u>1</u>
Total Cash Receipts	\$ <u>1</u>
Fund Cash Balances, January 1,	<u>280</u>
<b>Fund Cash Balances, December 31,</b>	<b>\$ <u><u>281</u></u></b>

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

**HARRISON TOWNSHIP  
LOGAN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Governmental Fund Types</u>			<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 23,685	\$ 42,003	\$ 0	\$ 65,688
Charges for Services	4,186	0	0	4,186
Licenses, Permits, and Fees	3,577	0	0	3,577
Intergovernmental Receipts	55,808	104,396	34,095	194,299
Earnings on Investments	101	352	0	453
Miscellaneous	589	0	0	589
	<u>87,946</u>	<u>146,751</u>	<u>34,095</u>	<u>268,792</u>
Total Cash Receipts	\$ 87,946	\$ 146,751	\$ 34,095	\$ 268,792
<b>Cash Disbursements:</b>				
Current:				
General Government	\$ 69,309	\$ 1,006	\$ 0	\$ 70,315
Public Safety	25,625	14,811	0	40,436
Public Works	0	81,910	34,095	116,005
Health	1,797	0	0	1,797
Capital Outlay	338	118,943	0	119,281
	<u>97,069</u>	<u>216,670</u>	<u>34,095</u>	<u>347,834</u>
Total Cash Disbursements	\$ 97,069	\$ 216,670	\$ 34,095	\$ 347,834
Total Receipts Over/(Under) Disbursements	<u>(9,123)</u>	<u>(69,919)</u>	<u>0</u>	<u>(79,042)</u>
<b>Other Financing Receipts/Disbursements</b>				
Sale of Fixed Assets	<u>0</u>	<u>16,000</u>	<u>0</u>	<u>16,000</u>
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>16,000</u>	<u>0</u>	<u>16,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$ <u>(9,123)</u>	\$ <u>(53,919)</u>	\$ <u>0</u>	\$ <u>(63,042)</u>
Fund Cash Balances, January 1,	<u>59,882</u>	<u>187,973</u>	<u>0</u>	<u>247,855</u>
<b>Fund Cash Balances, December 31,</b>	<u><u>50,759</u></u>	<u><u>134,054</u></u>	<u><u>0</u></u>	<u><u>184,813</u></u>

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

**HARRISON TOWNSHIP  
LOGAN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
PRIVATE PURPOSE TRUST  
FOR THE YEAR ENDED DECEMBER 31, 2009

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<b>Cash Receipts:</b>	
Earnings on Investments	\$ <u>1</u>
Total Cash Receipts	\$ <u>1</u>
Fund Cash Balances, January 1,	<u>279</u>
<b>Fund Cash Balances, December 31,</b>	<b>\$ <u><u>280</u></u></b>

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

**HARRISON TOWNSHIP  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

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

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

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

**HARRISON TOWNSHIP  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund:**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds:**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

**Gasoline Tax Fund** – This fund receives gasoline money for constructing, maintaining and repairing Township roads.

**3. Capital Project Funds:**

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

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

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

**4. Fiduciary Funds**

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

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

**HARRISON TOWNSHIP  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

**E. Budgetary Process**

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

**Appropriations**

Budgetary expenditures (disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

The Township records disbursements for acquisitions of property, plant and equipment when paid. These accompanying financial statements do not report these items as assets.

**2. EQUITY IN POOLED CASH AND DEPOSITS**

The Township maintains a cash and deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and deposits at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Demand Deposits	<u>\$164,399</u>	<u>\$185,093</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**HARRISON TOWNSHIP  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2010 was as follows:

<b>2010 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 77,600	\$ 97,427	\$ 19,827
Special Revenue	134,450	136,087	1,637
Capital Projects	112,241	105,985	(6,256)
Fiduciary	1	1	0
Total	<u>\$ 324,292</u>	<u>\$ 339,500</u>	<u>\$ 15,208</u>

<b>2010 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 102,134	\$ 87,899	\$ 14,235
Special Revenue	230,000	166,310	63,690
Capital Projects	112,241	105,985	6,256
Fiduciary	30	0	30
Total	<u>\$ 444,405</u>	<u>\$ 360,194</u>	<u>\$ 84,211</u>

Budgetary activity for the year ending December 31, 2009 was as follows:

<b>2009 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 69,600	\$ 87,946	\$ 18,346
Special Revenue	156,751	162,751	6,000
Capital Projects	42,092	34,095	(7,997)
Fiduciary	3	1	(2)
Total	<u>\$ 268,446</u>	<u>\$ 284,793</u>	<u>\$ 16,347</u>

<b>2009 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 126,447	\$ 97,069	\$ 29,378
Special Revenue	327,500	216,670	110,830
Capital Projects	42,092	34,095	7,997
Fiduciary	30	0	30
Total	<u>\$ 496,069</u>	<u>\$ 347,834</u>	<u>\$ 148,235</u>



**HARRISON TOWNSHIP  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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**3. BUDGETARY, (Continued)**

**Ohio Rev. Code Section 5705.36** requires all subdivision to request reduced amended certificates upon determination that revenue will be less than the official certificate of estimated resources. Contrary to Ohio Law, the Township's estimated resources exceeded actual receipts in 2010 in the Public Works Commission and Miscellaneous Capital Projects funds by \$4,847 and \$1,409, respectively; in 2009 in the Miscellaneous Capital Projects Funds by \$7,997.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equal to 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

**HARRISON TOWNSHIP  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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**6. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses and injuries to employees. The Township insures against injuries 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 provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

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

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

**HARRISON TOWNSHIP  
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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**6. RISK MANAGEMENT (Continued)**

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.

Contributions to OTARMA

2010	\$2,725
2009	\$3,225
2008	\$3,326

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

# Manning & Associates

## Certified Public Accountants, LLC

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

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

Harrison Township  
Logan County  
3133 Road 130  
Bellefontaine, Ohio 43311

To the Board of Trustees:

We have audited the financial statements of Harrison Township, Logan County, (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 24, 2011, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect, and timely correct misstatements. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Finding Number 2010-001 described in the accompanying schedule of findings to be a material weakness.

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### **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 Findings Number 2010-001 and 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 24, 2011.

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 the management, and the Board of Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 24, 2011

**HARRISON TOWNSHIP  
LOGAN COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

**FINDING NUMBER 2010-001**

**Material Weakness**

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

During 2010 and 2009, some receipt items were not posted to accurate revenue classifications based on the source of the receipt. In 2010 the first half of the real estate tax settlement was not properly allocated between the General and Road and Bridge funds, but was posted 100 percent to the General Fund. This resulted in the overstatement of receipts and ending cash fund balance for the General Fund and the understatement of receipts and ending cash fund balance for the Road and Bridge Fund of \$18,077.

The Township's financial statements have been adjusted to properly reflect this activity in the correct funds and revenue line items. The Township has recorded the adjustment on their records.

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

Response: The Fiscal Officer will review the Township Handbook for proper classifications as needed. The adjustment has been recorded on the UAN system.

**HARRISON TOWNSHIP  
LOGAN COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2010-002**

**Noncompliance**

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

<u>Fund</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<b>2010</b>			
Public Works Commission	91,985	87,138	(4,847)
Miscellaneous Capital Projects	20,256	18,847	(1,409)
<b>2009</b>			
Miscellaneous Capital Projects	42,092	34,095	(7,997)

While no negative fund balances were observed and the Township did not spend more than it actually received, failure to amend the certificate of estimated resources when actual revenue is less than expected revenue could very easily result in the Township incurring expenditures in excess of actual available resources.

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

Response: The Fiscal Officer and Trustees will monitor budgetary more closely in the future.

**HARRISON TOWNSHIP  
LOGAN COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; <b>Explain</b>
2008-001	Misposting of receipts and expenditures	No	Reissued as Finding 2010-001
2008-002	ORC 5705.36 - Estimated receipts exceeded actual in 2008 and 2007	No	Reissued as Finding 2010-002





# Dave Yost • Auditor of State

HARRISON TOWNSHIP

LOGAN COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 28, 2011