

HARRISVILLE TOWNSHIP

MEDINA COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2006 & 2005

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Village Council
Harrisville Township
209 Railroad Street
Lodi, OH 44254-0278

We have reviewed the *Report of Independent Accountants* of Harrisville Township, Medina County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 to December 31, 2006. 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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. Harrisville Township is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

September 24, 2007

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HARRISVILLE TOWNSHIP
MEDINA COUNTY, OHIO
Audit Report
For the Years ended December 31, 2006 & 2005

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REPORT OF INDEPENDENT ACCOUNTANTS

Harrisville Township
Medina County
P.O. Box 278
Lodi, Ohio 44254

To the Board of Trustees:

We have audited the accompanying financial statements of Harrisville Township (Township), Medina County, Ohio as and for the years ended December 31, 2006 & 2005. 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 & 2005. Instead of the combined funds the accompanying financial statements present for 2006 & 2005, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2006 & 2005. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 & 2005, 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, 2006 & 2005, 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 and reserves for encumbrances of Harrisville Township, Medina County as of December 31, 2006 & 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2006 & 2005. 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 August 27, 2007, 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, 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 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.

Charles E. Harris & Associates, Inc.
August 27, 2007

HARRISVILLE TOWNSHIP
MEDINA COUNTY, OHIO
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES**
For the Year Ended December 31, 2006

	<u>Governmental Fund Types</u>		(Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receipts:			
Property Tax and Other Local Taxes	\$ 32,978	\$ 315,248	\$ 348,226
Intergovernmental	49,065	122,767	171,832
Charges for Services	250	-	250
Licenses, Permits and Fees	3,175	-	3,175
Fines, Forfeitures and Penalties	1,650	-	1,650
Earnings on Investments	37,369	11,922	49,291
Miscellaneous	-	77	77
Total Receipts	124,487	450,014	574,501
Disbursements:			
General Government	76,346	-	76,346
Public Safety	-	84,409	84,409
Public Works	-	224,052	224,052
Health	31,450	-	31,450
Capital Outlay	252,500	200,000	452,500
Total Cash Disbursements	360,296	508,461	868,757
Total Cash Receipts Over/(Under) Cash Disbursement:	(235,809)	(58,447)	(294,256)
Other Financing Sources:			
Inception of Capital Lease	252,500	-	252,500
Total Other Financing Sources (Uses)	252,500	-	252,500
Excess of Receipts and Other Financing Sources Over (Under) Disbursements	16,691	(58,447)	(41,756)
Fund Balance, January 1, 2006	316,963	802,793	1,119,756
Fund Balance, December 31, 2006	\$ 333,654	\$ 744,346	\$ 1,078,000
Reserve for Encumbrances, December 31, 2006	\$ 1,000	\$ 200	\$ 1,200

See accompanying Notes to the Financial Statements.

**HARRISVILLE TOWNSHIP
MEDINA COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2005**

	<u>Governmental Fund Types</u>		(Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receipts:			
Property Tax and Other Local Taxes	\$ 33,594	\$ 301,043	\$ 334,637
Intergovernmental	57,814	121,621	179,435
Licenses, Permits and Fees	3,535	-	3,535
Fines, Forfeitures and Penalties	2,500	-	2,500
Earnings on Investments	23,615	6,489	30,104
Miscellaneous	114	92	206
Total Receipts	<u>121,172</u>	<u>429,245</u>	<u>550,417</u>
Disbursements:			
General Government	72,944	-	72,944
Public Safety	-	115,622	115,622
Public Works	-	174,688	174,688
Health	2,224	-	2,224
Capital Outlay	56	-	56
Total Cash Disbursements	<u>75,224</u>	<u>290,310</u>	<u>365,534</u>
Total Cash Receipts Over/(Under) Cash Disbursements	45,948	138,935	184,883
Fund Balance, January 1, 2005	<u>271,015</u>	<u>663,858</u>	<u>934,873</u>
Fund Balance, December 31, 2005	\$ <u>316,963</u>	\$ <u>802,793</u>	\$ <u>1,119,756</u>
Reserve for Encumbrances, December 31, 2005	\$ <u>7,391</u>	\$ <u>3,200</u>	\$ <u>10,591</u>

See accompanying Notes to the Financial Statements.

**HARRISVILLE TOWNSHIP
MEDINA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2006 & 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Harrisville Township, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected, three-member Board of Trustees. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Lodi to provide fire and ambulance services.

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

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved.)

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

C. CASH AND INVESTMENTS

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. FUND ACCOUNTING

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

1. General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

HARRISVILLE TOWNSHIP
MEDINA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2006 & 2005

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. **FUND ACCOUNTING** - (continued)

2. **Special Revenue Funds**

To account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund – This fund receives gasoline tax monies from State of Ohio for construction and repair of Township streets.

Road & Bridge Fund – This fund receives property tax money levied for the funding of the repair of the Township's roads.

E. **BUDGETARY PROCESS**

The Ohio Revised Code requires that each fund be budgeted annually.

1. **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The 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.

2. **Estimated Resources**

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

3. **Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2006 & 2005 budgetary activity appears in Note 3.

HARRISVILLE TOWNSHIP
 MEDINA COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2006 & 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2006</u>	<u>2005</u>
Demand Deposits	\$ 258,561	\$ 104,158
Certificates of Deposit	426,011	450,000
STAR-Ohio	<u>393,428</u>	<u>565,598</u>
Total	<u>\$ 1,078,000</u>	<u>\$ 1,119,756</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by the financial institution's public entity deposit pool.

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

HARRISVILLE TOWNSHIP
 MEDINA COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2006 & 2005

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 & 2005 is as follows:

<u>Fund Type</u>	<u>2006 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 361,506	\$ 376,987	\$ 15,481
Special Revenue	441,670	450,014	8,344
Total	\$ 803,176	\$ 827,001	\$ 23,825

<u>Fund Type</u>	<u>2006 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Total Appropriations</u>	<u>Total Expenditures</u>	<u>Variance</u>
General	\$ 457,539	\$ 361,296	\$ 96,243
Special Revenue	582,344	508,661	73,683
Total	\$ 1,039,883	\$ 869,957	\$ 169,926

<u>Fund Type</u>	<u>2005 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 87,645	\$ 121,172	\$ 33,527
Special Revenue	385,950	429,245	43,295
Total	\$ 473,595	\$ 550,417	\$ 76,822

<u>Fund Type</u>	<u>2005 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Total Appropriations</u>	<u>Total Expenditures</u>	<u>Variance</u>
General	\$ 113,082	\$ 82,615	\$ 30,467
Special Revenue	469,916	293,510	176,406
Total	\$ 582,998	\$ 376,125	\$ 206,873

**HARRISVILLE TOWNSHIP
MEDINA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2006 & 2005**

4. PROPERTY TAXES

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

Public utilities are also taxed on personal and real property located within the Township.

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

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

5. RETIREMENT SYSTEM

Full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005, OPERS members contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of participants' gross salaries during the year. For 2006, OPERS members contributed 9% of their wages. The Township contributed an amount equal to 13.70% of participants' gross salaries during the year. The Township has paid all contributions required through December 31, 2006 and 2005.

6. RISK MANAGEMENT

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member 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 - 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. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 for claims that occurred prior to January 1, 2006 and \$3,000,000 to \$13,000,000 for claims that occurring after January 1, 2006 with the General Reinsurance Corporation, through contracts with OTARMA.

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

**HARRISVILLE TOWNSHIP
MEDINA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2006 & 2005**

6. RISK MANAGEMENT (continued)

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. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 & 2005 was \$1,901,127 and \$1,712,113, respectively.

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

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

Members may withdraw on each anniversary of the date they joined OTARMA. They must 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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

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, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 32,031,312	\$ 30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained earnings	<u>\$ 20,587,360</u>	<u>\$ 18,141,062</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 10,010,963	\$ 9,177,796
Liabilities	(676,709)	(1,406,031)
Retained earnings	<u>\$ 9,334,254</u>	<u>\$ 7,771,765</u>

The casualty coverage assets and retained earnings above include approximately \$12.1 million and \$11.6 million of unpaid claims to be billed to approximately 958 member townships in the future, as of December 31, 2006 and 2005, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment.

HARRISVILLE TOWNSHIP
 MEDINA COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2006 & 2005

7. CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

8. CAPITAL LEASE

Lease outstanding as of December 31, 2006:

	<u>Principal</u>	<u>Interest Rate</u>
OHIO TOWNSHIP ASSOCIATION LEASING	\$252,500	4.75%

The Township purchased the Medina Supply Company property located at 106 South Prospect Street in the Village of Lodi for \$452,500 for use of normal operations for the street department. The Township paid \$200,000 in cash and entered into a \$252,500 capital-lease agreement with the Ohio Township Association Leasing. The lease will be paid in semiannual installments of \$15,963 including interest over 10 years. The first payment is due on May 15, 2007.

Year Ended December 31:	Capital Lease Agreement
2007	\$31,926
2008	31,926
2009	31,926
2010	31,926
2011	31,926
2012-2016	159,634
Total	\$319,264

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Harrisville Township
Medina County
209 Railroad Street
Lodi, Ohio 44254

To the Board of Trustees:

We have audited the financial statements of Harrisville Township, Medina County, Ohio (Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated August 27, 2007, wherein we noted the Township followed accounting practices prescribed or permitted by the Auditor of State of Ohio. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiency described in the accompanying schedule of findings, item number 2006-HTMC-01, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

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 considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We noted certain matters that we have reported to management of the Township in a separate letter dated August 27, 2007.

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
August 27, 2007

**HARRISVILLE TOWNSHIP
MEDINA COUNTY
SCHEDULE OF FINDINGS
December 31, 2006 & 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-HTMC-01 SIGNIFICANT DEFICIENCY

During 2005, The Township recorded property tax revenue in the General Fund, Fire Fund, Ambulance Fund and the Road and Bridge Fund. The Medina County tax settlement sheet listed the above funds plus the Road Fund to receive property tax revenue. The Township recorded all property tax revenue for the Road Fund in the Road and Bridge Fund. This resulted in the overstatement of revenue in the Road and Bridge Fund by \$63,610 and the understatement of the Road Fund by \$63,294. Also, the Township understated the Fire Fund by \$104 and the Ambulance Fund by \$212.

Further, the Township recorded all the Medina County Auditor's tax collection fees for the Road Fund in the Road and Bridge Fund. This resulted in an understatement of the collections fee of \$893 in the Road Fund in 2005.

In 2006, the Township recorded the property tax revenue in the proper funds. However, the Township understated the Medina County Auditor's tax collection fees for the Road Fund by \$562.

We recommend that the Village record all property tax revenue as listed on the Medina County property tax settlement sheets. Further, we recommend that the Township charge the collection fees to the proper funds.

The financial statements have been adjusted to reflect the proper presentation and the Township made the adjustments in its records.

Management agrees and will record the tax revenues and fees in the proper funds.

**HARRISVILLE TOWNSHIP
MEDINA COUNTY
DECEMBER 31, 2006 & 2005**

STATUS OF PRIOR YEARS' CITATIONS AND RECOMMENDATIONS

The prior audit report, for the years ending December 31, 2003 & 2004, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

HARRISVILLE TOWNSHIP

MEDINA 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
OCTOBER 4, 2007**