



Dave Yost • Auditor of State

**HARRISON TOWNSHIP
HAMILTON COUNTY**

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HARRISON TOWNSHIP
HAMILTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Harrison Township
Hamilton County
300 George Street
Harrison, Ohio 45030

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, Hamilton County, Ohio (the Township), as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates the UAN. However, *Government Auditing Standards* permits the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Harrison Township, Hamilton County, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Permissive Motor Vehicle License Tax Fund, and TIF Equilvent Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 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.

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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

January 24, 2011

**Harrison Township, Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2009
(Unaudited)**

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

Financial Highlights

Key highlights for 2009 are as follows:

- Net assets of governmental activities increased by \$266,441 or 23% from the prior year. The increase in net assets was mostly due to an increase in property tax receipts.
- The Township's most significant sources of receipts are property and other taxes and intergovernmental revenues, which include local government funds. These receipts represent approximately 79% of the total governmental activities receipts.

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, "*Basic Financial statements – and Management's Discussion and Analysis – for State and Local Governments*", as applicable to the 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 Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the financial 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 using the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**Harrison Township, Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2009
(Unaudited)**

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

Reporting the Township as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2009, within the limitations of use of cash basis accounting. The Statement of Net Assets presents the cash balances of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include (where applicable) 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 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 cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as property taxes.

In the Statement of Net Assets and the Statement of Activities, the Township has only governmental activities. The Township's basic services are reported here, including safety services, community center operations and cemetery maintenance. Property taxes and local government funds 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 about the Township as a whole. The Township has established separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

All of the Township's activities are reported 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 programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Harrison Township, Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2009
(Unaudited)**

The Township as a Whole

Table 1 below provides a summary of the Township's net assets for 2009 compared to 2008 on a cash basis:

Table 1
Net Assets - Cash Basis

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Assets		
Equity in Pooled Cash and Investments	<u>\$1,426,947</u>	<u>\$1,160,506</u>
Total Assets	<u><u>1,426,947</u></u>	<u><u>1,160,506</u></u>
Net Assets		
Restricted	624,121	598,302
Unrestricted	<u>802,826</u>	<u>562,204</u>
Total Net Assets	<u><u>\$1,426,947</u></u>	<u><u>\$1,160,506</u></u>

As mentioned previously, net assets of governmental activities increased by \$266,441 or 23% during 2009. The primary reason for the increase in net assets was due to an increase in grant monies received.

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**Harrison Township, Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2009
(Unaudited)**

Table 2 below reflects the changes in net assets in 2009.

Table 2
Changes in Net Assets

	Governmental Activities	
	2009	2008
Receipts		
Program Receipts:		
Charges for Services and Sales	\$99,224	\$82,982
Operating Grants and Contributions	127,575	125,897
Total Program Receipts	226,799	208,879
General Receipts:		
Property Taxes	622,215	629,710
Other Taxes	53,624	49,538
Grants and Entitlements	240,123	208,697
Miscellaneous	22,433	30,037
Total General Receipts	938,395	917,982
Total Receipts	1,165,194	1,126,861
Disbursements		
General Government	388,090	443,619
Public Safety	114,214	93,021
Public Works	103,796	97,187
Health	18,423	7,756
Conservation - Recreation	4,000	4,000
Capital Outlay	112,260	40,808
Debt Service (principal & interest)	157,970	151,644
Total Disbursements	898,753	838,035
Change in Net Assets	266,441	288,826
Net Assets, January 1	1,160,506	871,680
Net Assets, December 31	\$1,426,947	\$1,160,506

Program receipts represent 19.5% of total receipts and are comprised of charges for services and restricted intergovernmental receipts such as motor vehicle license and gas tax monies.

General receipts represent 80.5% of total receipts and approximately 72% of those receipts are property and other local taxes. Grants and entitlements make up 26% of the balance of general receipts. Other sources of receipts are of lesser significance and are somewhat unpredictable in nature.

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities. Public safety expenditures are the costs of police and fire protection. Capital outlay represents repairs and maintenance throughout the Township.

**Harrison Township, Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2009
(Unaudited)**

Total revenues remained relatively consistent in 2009 as compared to 2008. Capital outlay disbursements increased due to the start and completion of the construction of the Martin's Way Road Project. General Government disbursements decreased mainly due to the Township had no audit fees in 2009 and due to a decrease in legal expenditures and professional service fee expenditures.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, public safety, public works, and capital outlay which account for 43%, 13%, 12% and 12% of all governmental disbursements, respectively. The next column of the statement entitled program receipts identifies amounts paid by people who are directly charged for the service (if any) and grants received by the Township that must be used to provide a specific service. The net receipt (disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3 below:

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
General Government	\$388,090	\$443,619	(\$317,416)	(\$388,858)
Public Safety	114,214	93,021	(85,787)	(64,908)
Public Works	103,796	97,187	23,779	28,710
Health	18,423	7,756	(18,423)	(7,756)
Conservation - Recreation	4,000	4,000	(4,000)	(4,000)
Other	0	0	123	108
Capital Outlay	112,260	40,808	(112,260)	(40,808)
Debt Service - Principal & Interest	157,970	151,644	(157,970)	(151,644)
Total Expenditures	<u>\$898,753</u>	<u>\$838,035</u>	<u>(\$671,954)</u>	<u>(\$629,156)</u>

The Township's Funds

Total governmental funds had receipts of \$1,165,194 and disbursements of \$898,753. The Township experienced an increase in capital outlay expenditures in 2009 as compared to 2008.

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.

**Harrison Township, Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2009
(Unaudited)**

For the year ended December 31, 2009, General Fund final actual receipts were not significantly different from final budgeted receipts. However, General Fund final actual disbursements were significantly below final budgeted expenditures, primarily due to a variance in general government and public safety expenditures.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets.

Debt

At December 31, 2009, the Township's outstanding debt included \$208,747 in capital leases and \$1,600,000 of Variable Rate Tax Increment Financing (TIF) Revenue Bonds. For further information regarding the Township's debt, refer to Note 9 and 10 in the notes to the basic financial statements.

For the Future

The challenge for all local governments is to provide quality services to the public while staying within the restrictions imposed by limited and, in some cases, shrinking funding. The Township relies heavily on local taxes and has very little industry to support the tax base. The Township continues to monitor levels of spending in all areas.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mr. Gregory P. Bybee, Fiscal Officer, Harrison Township, 300 George Street, Harrison, Ohio 45030.

Harrison Township, Hamilton County
Statement of Net Assets-Cash Basis
December 31, 2009

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$1,426,947
Total Assets	<u>1,426,947</u>
Net Assets:	
Restricted for:	
Debt Service	150,045
Capital Projects	555
Other Purposes	473,521
Unrestricted	<u>802,826</u>
Total Net Assets	<u>\$1,426,947</u>

See accompanying notes to the basic financial statements.

Harrison Township, Hamilton County
Statement of Activities-Cash Basis
For the Fiscal Year Ended December 31, 2009

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Total
Governmental Activities:				
General Government	\$388,090	\$70,674	\$0	(\$317,416)
Public Safety	114,214	28,427	0	(85,787)
Public Works	103,796	0	127,575	23,779
Health	18,423	0	0	(18,423)
Conservation - Recreation	4,000	0	0	(4,000)
Other	0	123	0	123
Capital Outlay	112,260	0	0	(112,260)
Debt Service:				
Principal Retirement	90,775	0	0	(90,775)
Interest and Fiscal Charges	67,195	0	0	(67,195)
Total Governmental Activities	\$898,753	\$99,224	\$127,575	(671,954)

General Receipts:	
Property Taxes	622,215
Other Taxes	53,624
Grants and Entitlements not Restricted to Specific Programs	240,123
Earnings on Investments	2,247
Miscellaneous	20,186
Total General Receipts	938,395
Change in Net Assets	266,441
Net Assets Beginning of Year	1,160,506
Net Assets End of Year	\$1,426,947

See accompanying notes to the basic financial statements.

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Harrison Township, Hamilton County
Statement of Assets and Fund Balances-Cash Basis
Governmental Funds
December 31, 2009

	General	Gasoline Tax	Permissive Motor Vehicle License Tax	TIF Equivalent	TIF Debt Service Reserve
Assets:					
Equity in Pooled Cash and Investments	\$802,826	\$213,072	\$166,163	\$12,636	\$150,045
Total Assets	<u>802,826</u>	<u>213,072</u>	<u>166,163</u>	<u>12,636</u>	<u>150,045</u>
Fund Balances:					
Reserved for Encumbrances	17,875	13,296	0	0	0
Unreserved, Undesignated, Reported in:					
General Fund	784,951	0	0	0	0
Special Revenue Funds	0	199,776	166,163	12,636	0
Debt Service Funds	0	0	0	0	150,045
Capital Projects Funds	0	0	0	0	0
Total Fund Balances	<u>\$802,826</u>	<u>\$213,072</u>	<u>\$166,163</u>	<u>\$12,636</u>	<u>\$150,045</u>

See accompanying notes to the basic financial statements.

<u>TIF Debt Service</u>	<u>Misc. Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$0	\$555	\$81,650	\$1,426,947
<u>0</u>	<u>555</u>	<u>81,650</u>	<u>1,426,947</u>
0	0	0	31,171
0	0	0	784,951
0	0	81,650	460,225
0	0	0	150,045
0	555	0	555
<u>\$0</u>	<u>\$555</u>	<u>\$81,650</u>	<u>\$1,426,947</u>

Harrison Township, Hamilton County
Statement of Receipts, Expenditures
and Changes in Fund Balance-Cash Basis
Governmental Funds
For the Fiscal Year Ended December 31, 2009

	General	Gasoline Tax	Permissive Motor Vehicle License Tax	TIF Equivalent	TIF Debt Service Reserve
Receipts:					
Property and Other Local Taxes	\$383,327	\$0	\$0	\$222,023	\$0
Charges for Services	70,674	0	0	0	0
Licenses, Permits and Fees	28,428	0	0	0	0
Fines and Forfeitures	123	0	0	0	0
Intergovernmental	279,863	89,726	36,574	0	0
Earnings on Investments	1,624	101	305	0	0
Miscellaneous	19,935	0	0	0	0
Total Receipts	783,974	89,827	36,879	222,023	0
Expenditures:					
Current:					
General Government	356,526	0	0	31,564	0
Public Safety	114,214	0	0	0	0
Public Works	17,830	63,583	9,372	0	0
Health	18,423	0	0	0	0
Conservation - Recreation	4,000	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	20,775	0	0	0	0
Interest and Fiscal Charges	11,584	0	0	0	0
Total Expenditures	543,352	63,583	9,372	31,564	0
Excess of Receipts Over (Under) Expenditures	240,622	26,244	27,507	190,459	0
Other Financing Sources (Uses):					
Transfers In	0	7,869	0	0	0
Transfers (Out)	0	0	0	(237,871)	0
Total Other Financing Sources (Uses)	0	7,869	0	(237,871)	0
Net Change in Fund Balance	240,622	34,113	27,507	(47,412)	0
Fund Balance Beginning of Year	562,204	178,959	138,656	60,048	150,045
Fund Balance End of Year	\$802,826	\$213,072	\$166,163	\$12,636	\$150,045

See accompanying notes to the basic financial statements.

TIF Debt Service	Misc. Capital Projects	Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$20,644	\$625,994
0	0	0	70,674
0	0	0	28,428
0	0	0	123
0	0	11,379	417,542
0	217	0	2,247
0	0	251	20,186
0	217	32,274	1,165,194
0	0	0	388,090
0	0	0	114,214
0	0	13,011	103,796
0	0	0	18,423
0	0	0	4,000
0	112,260	0	112,260
70,000	0	0	90,775
55,611	0	0	67,195
125,611	112,260	13,011	898,753
(125,611)	(112,043)	19,263	266,441
125,611	112,260	0	245,740
0	0	(7,869)	(245,740)
125,611	112,260	(7,869)	0
0	217	11,394	266,441
0	338	70,256	1,160,506
\$0	\$555	\$81,650	\$1,426,947

Harrison Township, Hamilton County
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2009

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Property and Other Local Taxes	\$396,000	\$396,000	\$383,327	(\$12,673)
Charges for Services	60,000	60,000	70,674	10,674
Licenses, Permits and Fees	22,000	22,000	28,428	6,428
Fines and Forfeitures	8,000	8,000	123	(7,877)
Intergovernmental	209,000	209,000	279,863	70,863
Earnings on Investments	12,000	12,000	1,624	(10,376)
Miscellaneous	66,000	66,000	19,935	(46,065)
Total Revenues	773,000	773,000	783,974	10,974
Expenditures:				
Current:				
General Government	614,200	602,200	362,629	239,571
Public Safety	207,000	207,000	123,816	83,184
Public Works	26,000	26,000	20,000	6,000
Health	21,800	33,800	18,423	15,377
Conservation - Recreation	12,000	12,000	4,000	8,000
Capital Outlay	75,000	75,000	0	75,000
Debt Service:				
Principal Retirement	50,000	50,000	20,775	29,225
Interest and Fiscal Charges	14,000	14,000	11,584	2,416
Total Expenditures	1,020,000	1,020,000	561,227	458,773
Excess of Revenues Over (Under) Expenditures	(247,000)	(247,000)	222,747	469,747
Other Financing Sources (Uses):				
Sale of Notes	1,000	1,000	0	(1,000)
Total Other Financing Sources (Uses)	1,000	1,000	0	(1,000)
Net Change in Fund Balance	(246,000)	(246,000)	222,747	468,747
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	562,204	562,204	562,204	0
Fund Balance End of Year	\$316,204	\$316,204	\$784,951	\$468,747

See accompanying notes to the basic financial statements.

Harrison Township, Hamilton County
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2009

	Gasoline Tax Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$92,000	\$92,000	\$89,726	(\$2,274)
Earnings on Investments	4,000	4,000	101	(3,899)
Total Revenues	<u>96,000</u>	<u>96,000</u>	<u>89,827</u>	<u>(6,173)</u>
Expenditures:				
Current:				
Public Works	239,000	239,000	76,879	162,121
Capital Outlay	1,000	1,000	0	1,000
Total Expenditures	<u>240,000</u>	<u>240,000</u>	<u>76,879</u>	<u>163,121</u>
Excess of Revenues Over (Under) Expenditures	<u>(144,000)</u>	<u>(144,000)</u>	<u>12,948</u>	<u>156,948</u>
Other Financing Sources (Uses):				
Transfers In	0	7,869	7,869	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>7,869</u>	<u>7,869</u>	<u>0</u>
Net Change in Fund Balance	(144,000)	(136,131)	20,817	156,948
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>178,959</u>	<u>178,959</u>	<u>178,959</u>	<u>0</u>
Fund Balance End of Year	<u>\$34,959</u>	<u>\$42,828</u>	<u>\$199,776</u>	<u>\$156,948</u>

See accompanying notes to the basic financial statements.

Harrison Township, Hamilton County
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2009

	Permissive Motor Vehicle License Tax Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$42,000	\$42,000	\$36,574	(\$5,426)
Earnings on Investments	1,000	1,000	305	(695)
Total Revenues	<u>43,000</u>	<u>43,000</u>	<u>36,879</u>	<u>(6,121)</u>
Expenditures:				
Current:				
Public Works	<u>100,000</u>	<u>100,000</u>	<u>9,372</u>	<u>90,628</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>9,372</u>	<u>90,628</u>
Net Change in Fund Balance	(57,000)	(57,000)	27,507	84,507
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>138,656</u>	<u>138,656</u>	<u>138,656</u>	<u>0</u>
Fund Balance End of Year	<u>\$81,656</u>	<u>\$81,656</u>	<u>\$166,163</u>	<u>\$84,507</u>

See accompanying notes to the basic financial statements.

Harrison Township, Hamilton County
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2009

	TIF Equivalent Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Property and Other Local Taxes	\$245,000	\$245,000	\$222,023	(\$22,977)
Intergovernmental	2,000	2,000	0	(2,000)
Earnings on Investments	3,000	3,000	0	(3,000)
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>222,023</u>	<u>(27,977)</u>
Expenditures:				
Current:				
General Government	66,000	36,000	31,564	4,436
Total Expenditures	<u>66,000</u>	<u>36,000</u>	<u>31,564</u>	<u>4,436</u>
Excess of Revenues Over (Under) Expenditures	<u>184,000</u>	<u>214,000</u>	<u>190,459</u>	<u>(23,541)</u>
Other Financing Sources (Uses):				
Transfers (Out)	(134,000)	(264,000)	(237,871)	26,129
Total Other Financing Sources (Uses)	<u>(134,000)</u>	<u>(264,000)</u>	<u>(237,871)</u>	<u>26,129</u>
Net Change in Fund Balance	50,000	(50,000)	(47,412)	2,588
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>60,048</u>	<u>60,048</u>	<u>60,048</u>	<u>0</u>
Fund Balance End of Year	<u>\$110,048</u>	<u>\$10,048</u>	<u>\$12,636</u>	<u>\$2,588</u>

See accompanying notes to the basic financial statements.

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Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

NOTE 1 - REPORTING ENTITY

Harrison Township, Hamilton County, Ohio (the Township), is a body politic and corporate established in 1850 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 Fiscal Officer.

The reporting entity is comprised solely of the primary government.

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 City of Harrison for fire protection. Police protection is provided by the Hamilton County Sheriff's Department.

B. Component Unit

The Township has no component units.

C. Jointly Governed Organization and Public Entity Risk Pool

The Township participates in one jointly governed organization and in one public entity risk pool. These organizations are:

Jointly Governed Organization:

Harrison Township/City of Hamilton Joint Economic Development District – This organization is the result of an agreement between the Township and the City of Harrison and is discussed in Note 12 to the financial statements.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA) – This organization provides property and casualty coverage to the Township. OTARMA is a member of the American Public Entity Excess Pool (APEEP). This organization is discussed in Notes 6 and 11 to the financial statements.

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

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

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

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

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. Other Governmental Funds are aggregated and presented in a single column. The Township has only three funds that are classified as Other Governmental Funds.

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 Township only has one category of funds, which is governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Permissive Motor Vehicle License Tax Fund, TIF Equivalent Fund, TIF Debt Service Reserve Fund, TIF Debt Service Fund and the Misc. Capital Projects 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 Other Governmental Funds of the Township account for grants and other resources whose use is restricted to a particular purpose. The Township has three funds that are classified as Other Governmental Funds.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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 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 services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

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 resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate. The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township 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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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

E. Equity in Pooled 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 Investments".

During 2009, the Township had investments in money market mutual funds and STAR Ohio.

The Township's money market mutual fund investment is recorded at the amount reported by Key Bank on December 31, 2009.

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

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

Earnings on Investments are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Earnings on Investments credited to the General Fund during 2009 were \$1,624 and Earnings in Investments credited to all other funds were \$623.

F. 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.

G. 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.

H. Interfund Receivables/Payables

Advances-in and advances-out are reported for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. No advances occurred during 2009.

I. 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation imposed by creditors, grantors, or laws or regulations of other governments. Of the \$624,121 in restricted net assets, none were restricted by enabling legislation.

L. 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. Fund balance reserves have been established for year end encumbrances.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

M. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. For 2009, the Township had no interfund transactions. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement(s) of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and each major fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing sources or uses (budgetary basis) rather than as an interfund receivables or payables (cash basis). In 2009, the Township had no advances between funds.

NOTE 4 – EQUITY IN POOLED CASH AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing 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.

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.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

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

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

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the respective financial institution to secure the repayment of all public monies deposited with the financial institution.

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.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, “Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements”.

At year-end, the carrying amount of the Township’s deposits was \$192,132. The entire bank balance is covered by federal depository insurance. Although all State statutory requirements for the deposit of money have been followed, noncompliance with the federal requirements could potentially subject the Township to a successful claim by the FDIC.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, none of the Township’s bank balance of \$200,000 was exposed to custodial credit risk because it was insured and collateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

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

Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>
Money Market Funds	\$1,221,623	0.00
STAR Ohio	13,191	0.17
	<u>\$1,234,814</u>	
Portfolio Weighted Average Maturity		0.00

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states "Payments for investments shall be made only upon the delivery of securities representing such investments to the treasurer, authorizing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall only be made upon receipt of confirmation of transfer from the custodian by the Fiscal Officer, Board of Trustees, or qualified trustee."

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2009 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. 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

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

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 tangible personal property tax is being phased out over a four-year period starting with tax year 2006 and ending in 2009. This phase-out applies to most businesses and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing machinery and equipment first reported on the 2006 and subsequent year returns is not subject to the personal property tax.

The full tax rate for all Township operations for the year ended December 31, 2009, was \$3.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Property	\$100,278,560
Public Utility Property	3,980,300
Tangible Personal Property	298,140
	\$104,557,000

NOTE 6 – OHIO TOWNSHIP ASSOCIATION RISK MANAGEMENT AUTHORITY (OTARMA)

OTARMA Financial Data

As December 31, 2008 and 2007 (the latest information available)

	2008	2007
Casualty Coverage		
Assets	\$31,990,965	\$33,220,168
Liabilities	(11,258,865)	(12,121,659)
Net Assets – Unrestricted	\$20,732,100	\$21,098,509
Property Coverage		
Assets	\$8,746,775	\$9,990,535
Liabilities	(1,722,953)	(1,236,178)
Net Assets – Unrestricted	\$7,023,822	\$8,754,357
# of members	950	950

Unpaid claims to be billed Approx. \$10.9 million Approx. \$11.6 million

The Pool's membership remained constant at 950 members in 2007 and 2008. (the latest information available)

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool ("APEEP"), which is also administered by ARPCO. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2008 (the latest information available) the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

NOTE 7 – PENSION PLANS

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Township is 14% of covered payroll. The contribution rates are determined actuarially. The Township's required contributions to OPERS for the years ended December 31, 2009, 2008 and 2007 were \$10,501, \$11,446 and \$9,542, respectively. The full amount has been contributed for 2009, 2008 and 2007.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

NOTE 8 – POST EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description

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

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, 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 Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, the Township contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

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

Information from Township's Records

The rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The Township's actual contributions for the current year, which were used to fund postemployment benefits, were \$1,313 for the period of January 1 through March 31, 2009 and were \$3,094 for the period of April 1 through December 31, 2009, \$5,723 for 2008, \$1,722 for the period of January 1 through June 30, 2007 and were \$2,068 for the period of July 1 through December 31, 2007.

OPERS Retirement Board Implements its Health Care Preservation Plan

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

Other Information

At December 31, 2009, the number of active contributing participants in the Traditional and Combined Plans totaled 357,584. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388.

The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. Based on the actuarial cost method used, the Actuarial Valuations as of December 31, 2008, (the latest information available) reported the actuarially accrued liability and the unfunded actuarial accrued liability for OPEB at \$29.6 billion and \$18.9 billion, respectively.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

NOTE 9 – DEBT

The Township’s long-term debt activity for the year ended December 31, 2009, was as follows:

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
<u>Bonds Payable</u>						
Variable Rate TIF Revenue	Variable	\$1,670,000	\$0	\$70,000	\$1,600,000	\$75,000
Capital Leases		229,522	0	20,775	208,747	21,824
Total Long-Term Debt		<u>\$1,899,522</u>	<u>\$0</u>	<u>\$90,775</u>	<u>\$1,808,747</u>	<u>\$96,824</u>

The following is a summary of the Township’s future annual debt service requirements:

Years	Principal	Interest	Total
2010	\$75,000	\$31,840	\$106,840
2011	80,000	30,348	110,348
2012	80,000	28,756	108,756
2013	85,000	27,163	112,163
2014	90,000	25,472	115,472
2015-2019	525,000	98,504	623,504
2020-2024	665,000	40,994	705,994
Totals	<u>\$1,600,000</u>	<u>\$283,077</u>	<u>\$1,883,077</u>

The Variable Rate Tax Increment Revenue Bonds (the Bonds) were issued on November 22, 2004, in the amount of \$1,865,000 for the purpose of constructing Southwest Parkway in Harrison Commerce Center.

The TIF Revenue Bonds are not secured by the full faith and credit of the Township and the taxing power of the Township is not pledged to the payment of Bonds. The Bonds are limited revenue obligations of the issuer, payable solely from the service payments in lieu of taxes and certain other funds held under the trust agreement, and will neither secure nor be secured by any other obligations or assets, if any, which the issuer may have or acquire.

Under the Tax Increment Financing (TIF) Agreement the debt service requirements are initially the responsibility of the developer until the property owners pay sufficient revenues based on the increased value of the land and improvements. Debt service payments by the developer are not reflected in the Township’s financial statements.

Principal and interest on the Bonds will be paid from funds drawn by the Huntington National Bank, as trustee, under an irrevocable direct pay Letter of Credit issued by Fifth Third Bank in the total amount of \$1,964,637.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

NOTE 10 – CAPITAL LEASES

The Township entered into a capital lease for a fire apparatus.

The Township’s lease meet the criteria of capital lease as defined by statement of Financial Accounting Standards No. 13 “Accounting for Leases”, which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Capital lease payments will be made from the General Fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

<u>Fiscal Year Ending December 31,</u>	<u>Long-Term Debt</u>
2010	\$32,359
2011	32,359
2012	32,359
2013	32,359
2014	32,359
2015-2017	<u>97,077</u>
Total Payments	258,872
Less: Interest	<u>(50,125)</u>
Present Value of Minimum Lease Payments	<u><u>\$208,747</u></u>

NOTE 11 – PUBLIC ENTITY RISK POOL

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.

NOTE 12 – JOINTLY GOVERNED ORGANIZATION

In 2003, in accordance with the provisions of Ohio Revised Code Sections 715.72 through 715.81, a joint economic development district (JEDD) between the Township and the City of Harrison (the City) was approved by an agreement between the respective legislative authorities for a period of 99 years. The JEDD was formed for the purpose of facilitating economic development and improving the economic welfare of persons residing in the Township and the City. The agreement for formation of the district provides for the levying of an income tax on properties located within the district.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

NOTE 13 – INTERFUND TRANSFERS

During 2009 the following transfers were made:

	<u>Transfer In</u>	<u>Transfer Out</u>
Gasoline Tax	\$7,869	\$0
TIF Equivalent	0	237,871
TIF Debt Service	125,611	0
Other Governmental Funds	112,260	7,869
Total Transfers in All Funds	<u>\$245,740</u>	<u>\$245,740</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

NOTE 14 – SUBSEQUENT EVENT

On November 3, 2009, the Township passed the Harrison Township Paramedic Levy. The Township was a member of the Western Joint Ambulance District (WESTJAD) to share advanced life support (ALS) paramedic services with Crosby Township, Whitewater Township, and Cleves. By passing this levy, the Township withdrew from WESTJAD as of December 31, 2009 and began receiving ALS services from the Harrison Fire Department, which already provided Township residents fire protection services and basic life support services. The Paramedic Levy will reduce the tax burden of Harrison Township residents by recovering 10% less than the higher WESTJAD tax levy. The current WESTJAD levies are a combined 2.25 mills, whereas the Paramedic Levy will be 1.5 mills.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Harrison Township
Hamilton County
300 George Street
Harrison, Ohio 45030

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, Hamilton County, Ohio (the Township), as of and for the year ended December 31, 2008, 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates the UAN. However, *Government Auditing Standards* permits the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Harrison Township, Hamilton County, Ohio, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Permissive Motor Vehicle License Tax Fund, and TIF Equilvent Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 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.

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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

January 24, 2011

**Harrison Township, Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2008
(Unaudited)**

This discussion and analysis of the financial performance of Harrison Township, Hamilton County, Ohio (the Township), provides an overall review of the Township's financial activities for the year ended December 31, 2008, within the limitations of the Township's use of cash basis accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Financial Highlights

Key highlights for 2008 are as follows:

- Net assets of governmental activities increased by \$288,826 or 33% from the prior year. The increase in net assets was mostly due to an increase in property tax receipts.
- The Township's most significant sources of receipts are property and other taxes and intergovernmental revenues, which include local government funds. These receipts represent approximately 79% of the total governmental activities receipts. Property taxes for 2008 increased approximately 55% compared to 2007.

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, "*Basic Financial statements – and Management's Discussion and Analysis – for State and Local Governments*", as applicable to the 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 Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the financial 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 using the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**Harrison Township, Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2008
(Unaudited)**

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

Reporting the Township as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2008, within the limitations of use of cash basis accounting. The Statement of Net Assets presents the cash balances of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include (where applicable) 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 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 cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as property taxes.

In the Statement of Net Assets and the Statement of Activities, the Township has only governmental activities. The Township's basic services are reported here, including safety services, community center operations and cemetery maintenance. Property taxes and local government funds 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 about the Township as a whole. The Township has established separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

All of the Township's activities are reported 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 programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Harrison Township, Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2008
(Unaudited)**

The Township as a Whole

Table 1 below provides a summary of the Township's net assets for 2008 compared to 2007 on a cash basis:

Table 1
Net Assets - Cash Basis

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Assets		
Equity in Pooled Cash and Investments	<u>\$1,160,506</u>	<u>\$871,680</u>
Total Assets	<u><u>1,160,506</u></u>	<u><u>871,680</u></u>
Net Assets		
Restricted	598,302	467,218
Unrestricted	<u>562,204</u>	<u>404,462</u>
Total Net Assets	<u><u>\$1,160,506</u></u>	<u><u>\$871,680</u></u>

As mentioned previously, net assets of governmental activities increased by \$288,826 or 33% during 2008. The primary reason for the increase in net assets was due to an increase in property tax receipts, which was due to the Township setting up the TIF Equivalent Fund in 2008 to receive additional property tax monies for various TIF projects throughout the Township.

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**Harrison Township, Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2008
(Unaudited)**

Table 2 below reflects the changes in net assets in 2008.

Table 2
Changes in Net Assets

	Governmental Activities	
	2008	2007
Receipts		
Program Receipts:		
Charges for Services and Sales	\$82,982	\$127,052
Operating Grants and Contributions	125,897	134,096
Total Program Receipts	208,879	261,148
General Receipts:		
Property Taxes	629,710	407,291
Other Taxes	49,538	39,563
Grants and Entitlements	208,697	155,969
Miscellaneous	30,037	249,277
Total General Receipts	917,982	852,100
Total Receipts	1,126,861	1,113,248
Disbursements		
General Government	443,619	416,287
Public Safety	93,021	97,517
Public Works	97,187	52,786
Health	7,756	7,857
Conservation - Recreation	4,000	4,000
Capital Outlay	40,808	105,832
Debt Service (principal & interest)	151,644	125,679
Total Disbursements	838,035	809,958
Change in Net Assets	288,826	303,290
Net Assets, January 1	871,680	568,390
Net Assets, December 31	\$1,160,506	\$871,680

Program receipts represent 18.5% of total receipts and are comprised of charges for services and restricted intergovernmental receipts such as motor vehicle license and gas tax monies.

General receipts represent 81.5% of total receipts and approximately 60% of those receipts are property and other local taxes. Grants and entitlements make up 18.5% of the balance of general receipts. Other sources of receipts are of lesser significance and are somewhat unpredictable in nature.

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities. Public safety expenditures are the costs of police and fire protection. Capital outlay represents repairs and maintenance throughout the Township.

Property Taxes increased mainly due to an increase in property tax receipts in 2008 as compared to 2007 which was due to the Township setting up the TIF Equivalent Fund in 2008 to receive additional property tax monies for various TIF projects throughout the Township. Grants and Entitlements increased mainly due to an increase in grant monies in 2008 as compared to 2007. Charges for Services and Sales

**Harrison Township, Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2008
(Unaudited)**

decreased mainly due to a decrease in cable franchise fee revenue from 2007. Miscellaneous Receipts decreased mainly due to the elimination of the Miscellaneous Debt Service Fund in 2007. Total Disbursements increased mainly due to increases in general inflationary costs. Public Works disbursements increased in 2008 mainly due to an increase in road repairs throughout the Township. Capital Outlay expenditures decreased in 2008 due to the Township completing a road project in 2007.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, public safety and public works, which account for 53%, 11%, and 12% of all governmental disbursements, respectively. The next column of the statement entitled program receipts identifies amounts paid by people who are directly charged for the service (if any) and grants received by the Township that must be used to provide a specific service. The net receipt (disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3 below:

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
General Government	\$443,619	\$416,287	(\$388,858)	(\$324,417)
Public Safety	93,021	97,517	(64,908)	(70,019)
Public Works	97,187	52,786	28,710	81,310
Health	7,756	7,857	(7,756)	(7,857)
Conservation - Recreation	4,000	4,000	(4,000)	(4,000)
Other	0	0	108	7,684
Capital Outlay	40,808	105,832	(40,808)	(105,832)
Debt Service - Principal & Interest	151,644	125,679	(151,644)	(125,679)
Total Expenditures	<u>\$838,035</u>	<u>\$809,958</u>	<u>(\$629,156)</u>	<u>(\$548,810)</u>

The Township's Funds

Total governmental funds had receipts of \$1,126,861 and disbursements of \$838,035. The Township experienced an increase in property tax receipts in 2008 as compared to 2007.

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.

**Harrison Township, Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2008
(Unaudited)**

For the year ended December 31, 2008, General Fund final actual receipts were not significantly different from final budgeted receipts. However, General Fund final actual disbursements were significantly below final budgeted expenditures, primarily due to a variance in general government and public safety expenditures.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets.

Debt

At December 31, 2008, the Township's outstanding debt included \$229,522 in capital leases and \$1,670,000 of Variable Rate Tax Increment Financing (TIF) Revenue Bonds. For further information regarding the Township's debt, refer to Note 9 and 10 in the notes to the basic financial statements.

For the Future

The challenge for all local governments is to provide quality services to the public while staying within the restrictions imposed by limited and, in some cases, shrinking funding. The Township relies heavily on local taxes and has very little industry to support the tax base. The Township continues to monitor levels of spending in all areas.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mr. Gregory P. Bybee, Fiscal Officer, Harrison Township, 300 George Street, Harrison, Ohio 45030.

Harrison Township, Hamilton County
Statement of Net Assets-Cash Basis
December 31, 2008

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$1,160,506</u>
Total Assets	<u>1,160,506</u>
Net Assets:	
Restricted for:	
Debt Service	150,045
Capital Projects	338
Other Purposes	447,919
Unrestricted	<u>562,204</u>
Total Net Assets	<u>\$1,160,506</u>

See accompanying notes to the basic financial statements.

Harrison Township, Hamilton County
Statement of Activities-Cash Basis
For the Fiscal Year Ended December 31, 2008

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Total
Governmental Activities:				
General Government	\$443,619	\$54,761	\$0	(\$388,858)
Public Safety	93,021	28,113	0	(64,908)
Public Works	97,187	0	125,897	28,710
Health	7,756	0	0	(7,756)
Conservation - Recreation	4,000	0	0	(4,000)
Other	0	108	0	108
Capital Outlay	40,808	0	0	(40,808)
Debt Service:				
Principal Retirement	90,478	0	0	(90,478)
Interest and Fiscal Charges	61,166	0	0	(61,166)
Total Governmental Activities	\$838,035	\$82,982	\$125,897	(629,156)

General Receipts:	
Property Taxes	629,710
Other Taxes	49,538
Grants and Entitlements not Restricted to Specific Programs	208,697
Earnings on Investments	15,405
Miscellaneous	14,632
Total General Receipts	917,982
Change in Net Assets	288,826
Net Assets Beginning of Year	871,680
Net Assets End of Year	\$1,160,506

See accompanying notes to the basic financial statements.

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Harrison Township, Hamilton County
Statement of Assets and Fund Balances-Cash Basis
Governmental Funds
December 31, 2008

	General	Gasoline Tax	Permissive Motor Vehicle License Tax	TIF Equivalent	TIF Debt Service Reserve
Assets:					
Equity in Pooled Cash and Investments	\$562,204	\$178,959	\$138,656	\$60,048	\$150,045
Total Assets	<u>562,204</u>	<u>178,959</u>	<u>138,656</u>	<u>60,048</u>	<u>150,045</u>
Unreserved, Undesignated, Reported in:					
General Fund	562,204	0	0	0	0
Special Revenue Funds	0	178,959	138,656	60,048	0
Debt Service Funds	0	0	0	0	150,045
Capital Projects Funds	0	0	0	0	0
Total Fund Balances	<u>\$562,204</u>	<u>\$178,959</u>	<u>\$138,656</u>	<u>\$60,048</u>	<u>\$150,045</u>

See accompanying notes to the basic financial statements.

TIF Debt Service	Other Governmental Funds	Total Governmental Funds
\$0	\$70,594	\$1,160,506
0	70,594	1,160,506
0	0	562,204
0	70,256	447,919
0	0	150,045
0	338	338
\$0	\$70,594	\$1,160,506

Harrison Township, Hamilton County
Statement of Receipts, Expenditures
and Changes in Fund Balance-Cash Basis
Governmental Funds
For the Fiscal Year Ended December 31, 2008

	General	Gasoline Tax	Permissive Motor Vehicle License Tax	TIF Equivalent	TIF Debt Service Reserve
Receipts:					
Property and Other Local Taxes	\$390,146	\$0	\$0	\$218,880	\$0
Charges for Services	54,761	0	0	0	0
Licenses, Permits and Fees	28,113	0	0	0	0
Fines and Forfeitures	108	0	0	0	0
Intergovernmental	255,899	84,613	40,181	0	0
Earnings on Investments	11,048	2,489	273	0	0
Miscellaneous	14,632	0	0	0	0
Total Receipts	754,707	87,102	40,454	218,880	0
Expenditures:					
Current:					
General Government	404,073	0	0	39,546	0
Public Safety	93,021	0	0	0	0
Public Works	17,038	49,287	16,522	0	0
Health	7,756	0	0	0	0
Conservation - Recreation	4,000	0	0	0	0
Capital Outlay	38,716	0	0	0	0
Debt Service:					
Principal Retirement	20,478	0	0	0	0
Interest and Fiscal Charges	11,880	0	0	0	0
Total Expenditures	596,962	49,287	16,522	39,546	0
Excess of Receipts Over (Under) Expenditures	157,745	37,815	23,932	179,334	0
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers (Out)	0	0	0	(119,286)	0
Total Other Financing Sources (Uses)	0	0	0	(119,286)	0
Net Change in Fund Balance	157,745	37,815	23,932	60,048	0
Fund Balance Beginning of Year	404,459	141,144	114,724	0	150,045
Fund Balance End of Year	\$562,204	\$178,959	\$138,656	\$60,048	\$150,045

See accompanying notes to the basic financial statements.

TIF Debt Service	Other Governmental Funds	Total Governmental Funds
\$0	\$21,047	\$630,073
0	0	54,761
0	0	28,113
0	0	108
0	3,076	383,769
0	1,595	15,405
0	0	14,632
0	25,718	1,126,861
0	0	443,619
0	0	93,021
0	14,340	97,187
0	0	7,756
0	0	4,000
0	2,092	40,808
70,000	0	90,478
49,286	0	61,166
119,286	16,432	838,035
(119,286)	9,286	288,826
119,286	0	119,286
0	0	(119,286)
119,286	0	0
0	9,286	288,826
0	61,308	871,680
\$0	\$70,594	\$1,160,506

Harrison Township, Hamilton County
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Property and Other Local Taxes	\$411,000	\$411,000	\$390,146	(\$20,854)
Charges for Services	85,122	85,122	54,761	(30,361)
Licenses, Permits and Fees	50,123	50,123	28,113	(22,010)
Fines and Forfeitures	8,000	8,000	108	(7,892)
Intergovernmental	251,011	251,011	255,899	4,888
Earnings on Investments	20,000	20,000	11,048	(8,952)
Miscellaneous	22,744	22,744	14,632	(8,112)
Total Revenues	848,000	848,000	754,707	(93,293)
Expenditures:				
Current:				
General Government	556,200	556,200	404,073	152,127
Public Safety	122,000	122,000	93,021	28,979
Public Works	21,000	21,000	17,038	3,962
Health	19,800	19,800	7,756	12,044
Conservation - Recreation	9,000	9,000	4,000	5,000
Capital Outlay	49,000	49,000	38,716	10,284
Debt Service:				
Principal Retirement	21,000	21,000	20,478	522
Interest and Fiscal Charges	12,000	12,000	11,880	120
Total Expenditures	810,000	810,000	596,962	213,038
Net Change in Fund Balance	38,000	38,000	157,745	119,745
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	404,459	404,459	404,459	0
Fund Balance End of Year	\$442,459	\$442,459	\$562,204	\$119,745

See accompanying notes to the basic financial statements.

Harrison Township, Hamilton County
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2008

	Gasoline Tax Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$92,000	\$92,000	\$84,613	(\$7,387)
Earnings on Investments	4,000	4,000	2,489	(1,511)
Total Revenues	<u>96,000</u>	<u>96,000</u>	<u>87,102</u>	<u>(8,898)</u>
Expenditures:				
Current:				
Public Works	189,000	189,000	49,287	139,713
Capital Outlay	1,000	1,000	0	1,000
Total Expenditures	<u>190,000</u>	<u>190,000</u>	<u>49,287</u>	<u>140,713</u>
Net Change in Fund Balance	(94,000)	(94,000)	37,815	131,815
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>141,144</u>	<u>141,144</u>	<u>141,144</u>	<u>0</u>
Fund Balance End of Year	<u>\$47,144</u>	<u>\$47,144</u>	<u>\$178,959</u>	<u>\$131,815</u>

See accompanying notes to the basic financial statements.

Harrison Township, Hamilton County
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2008

	Permissive Motor Vehicle License Tax Fund Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$42,000	\$42,000	\$40,181	(\$1,819)
Earnings on Investments	1,000	1,000	273	(727)
Total Revenues	<u>43,000</u>	<u>43,000</u>	<u>40,454</u>	<u>(2,546)</u>
Expenditures:				
Current:				
Public Works	<u>100,000</u>	<u>100,000</u>	<u>16,522</u>	<u>83,478</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>16,522</u>	<u>83,478</u>
Net Change in Fund Balance	(57,000)	(57,000)	23,932	80,932
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>114,724</u>	<u>114,724</u>	<u>114,724</u>	<u>0</u>
Fund Balance End of Year	<u>\$57,724</u>	<u>\$57,724</u>	<u>\$138,656</u>	<u>\$80,932</u>

See accompanying notes to the basic financial statements.

Harrison Township, Hamilton County
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2008

	TIF Equivalent Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Property and Other Local Taxes	\$136,000	\$220,000	\$218,880	(\$1,120)
Total Revenues	136,000	220,000	218,880	(1,120)
Expenditures:				
Current:				
General Government	96,000	39,748	39,546	202
Total Expenditures	96,000	39,748	39,546	202
Excess of Revenues Over (Under) Expenditures	40,000	180,252	179,334	(918)
Other Financing Sources (Uses):				
Transfers (Out)	(41,000)	(120,000)	(119,286)	714
Total Other Financing Sources (Uses)	(41,000)	(120,000)	(119,286)	714
Net Change in Fund Balance	(1,000)	60,252	60,048	(204)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	(\$1,000)	\$60,252	\$60,048	(\$204)

See accompanying notes to the basic financial statements.

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Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

NOTE 1 - REPORTING ENTITY

Harrison Township, Hamilton County, Ohio (the Township), is a body politic and corporate established in 1850 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 Fiscal Officer.

The reporting entity is comprised solely of the primary government.

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 City of Harrison for fire protection. Police protection is provided by the Hamilton County Sheriff's Department.

B. Component Unit

The Township has no component units.

C. Jointly Governed Organization and Public Entity Risk Pool

The Township participates in one jointly governed organization and in one public entity risk pool. These organizations are:

Jointly Governed Organization:

Harrison Township/City of Hamilton Joint Economic Development District – This organization is the result of an agreement between the Township and the City of Harrison and is discussed in Note 12 to the financial statements.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA) – This organization provides property and casualty coverage to the Township. OTARMA is a member of the American Public Entity Excess Pool (APEEP). This organization is discussed in Notes 6 and 11 to the financial statements.

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

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

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

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

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. Other Governmental Funds are aggregated and presented in a single column. The Township has only three funds that are classified as Other Governmental Funds.

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 Township only has one category of funds, which is governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Permissive Motor Vehicle License Tax Fund, TIF Equivalent Fund, TIF Debt Service Reserve Fund, and the TIF Debt Service 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 Other Governmental Funds of the Township account for grants and other resources whose use is restricted to a particular purpose. The Township has three funds that are classified as Other Governmental Funds.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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 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 services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

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 resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate. The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township 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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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

E. Equity in Pooled 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 Investments".

During 2008, the Township had investments in money market mutual funds and STAR Ohio.

The Township's money market mutual fund investment is recorded at the amount reported by Key Bank on December 31, 2008.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

Earnings on Investments are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Earnings on Investments credited to the General Fund during 2008 were \$11,048 and Earnings in Investments credited to all other funds were \$4,357.

F. 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.

G. 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.

H. Interfund Receivables/Payables

Advances-in and advances-out are reported for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. No advances occurred during 2008.

I. 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation imposed by creditors, grantors, or laws or regulations of other governments. Of the \$598,302 in restricted net assets, none were restricted by enabling legislation.

L. 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. Fund balance reserves have been established for year end encumbrances.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

M. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. For 2008, the Township had no interfund transactions. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement(s) of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and each major fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing sources or uses (budgetary basis) rather than as an interfund receivables or payables (cash basis). In 2008, the Township had no advances between funds.

NOTE 4 – EQUITY IN POOLED CASH AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing 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.

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.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

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

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

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the respective financial institution to secure the repayment of all public monies deposited with the financial institution.

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.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, “Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements”.

At year-end, the carrying amount of the Township’s deposits was \$193,374. The entire bank balance is covered by federal depository insurance. Although all State statutory requirements for the deposit of money have been followed, noncompliance with the federal requirements could potentially subject the Township to a successful claim by the FDIC.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, none of the Township’s bank balance of \$200,000 was exposed to custodial credit risk because it was insured and collateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

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

Investments

As of December 31, 2008, the Township had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Funds	\$906,745	0.00
STAR Ohio	60,385	0.17
	<u>\$967,130</u>	
Portfolio Weighted Average Maturity		0.01

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states "Payments for investments shall be made only upon the delivery of securities representing such investments to the treasurer, authorizing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall only be made upon receipt of confirmation of transfer from the custodian by the Fiscal Officer, Board of Trustees, or qualified trustee."

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. 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

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

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 tangible personal property tax is being phased out over a four-year period starting with tax year 2006 and ending in 2009. This phase-out applies to most businesses and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing machinery and equipment first reported on the 2006 and subsequent year returns is not subject to the personal property tax.

The full tax rate for all Township operations for the year ended December 31, 2008, was \$3.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	\$95,852,650
Public Utility Property	4,028,030
Tangible Personal Property	2,839,770
	\$102,720,450

NOTE 6 – OHIO TOWNSHIP ASSOCIATION RISK MANAGEMENT AUTHORITY (OTARMA)

OTARMA Financial Data
As December 31, 2008 and 2007

	2008	2007
Casualty Coverage		
Assets	\$31,990,965	\$33,220,168
Liabilities	(11,258,865)	(12,121,659)
Net Assets – Unrestricted	\$20,732,100	\$21,098,509
Property Coverage		
Assets	\$8,746,775	\$9,990,535
Liabilities	(1,722,953)	(1,236,178)
Net Assets – Unrestricted	\$7,023,822	\$8,754,357
# of members	950	950

Unpaid claims to be billed Approx. \$10.9 million Approx. \$11.6 million

The Pool's membership remained constant at 950 members in 2007 and 2008.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool ("APEEP"), which is also administered by ARPCO. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2008 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

NOTE 7 – PENSION PLANS

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Township is 14% of covered payroll. The contribution rates are determined actuarially. The Township's required contributions to OPERS for the years ended December 31, 2008, 2007 and 2006 were \$11,446, \$9,542 and \$12,163, respectively. The full amount has been contributed for 2008, 2007 and 2006.

NOTE 8 – POST EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans:

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

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.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, 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 Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, the Township contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

Information from Township's Records

The Township's actual contributions for the current year, which were used to fund postemployment benefits, were \$5,723 for 2008, \$1,722 for the period of January 1 through June 30, 2007 and were \$2,068 for the period of July 1 through December 31, 2007 and \$3,995 for 2006.

OPERS Retirement Board Implements its Health Care Preservation Plan

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective 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.

Other Information

At December 31, 2008, the number of active contributing participants in the Traditional and Combined Plans totaled 363,503. The number of active contributing participants for both plans used in the December 31, 2007 actuarial valuation was 364,076.

The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. Based on the actuarial cost method used, the Actuarial Valuations as of December 31, 2007, (the latest information available) reported the actuarially accrued liability and the unfunded actuarial accrued liability for OPEB at \$29.8 billion and \$17.0 billion, respectively.

NOTE 9 – DEBT

The Township's long-term debt activity for the year ended December 31, 2008, was as follows:

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
<u>Bonds Payable</u>						
Variable Rate TIF Revenue	Variable	\$1,740,000	\$0	\$70,000	\$1,670,000	\$70,000
Capital Leases		250,000	0	20,478	229,522	20,775
Total Long-Term Debt		<u>\$1,990,000</u>	<u>\$0</u>	<u>\$90,478</u>	<u>\$1,899,522</u>	<u>\$90,775</u>

The following is a summary of the Township's future annual debt service requirements:

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$70,000	\$33,233	\$103,233
2010	75,000	31,840	106,840
2011	80,000	30,348	110,348
2012	80,000	28,756	108,756
2013	85,000	27,163	112,163
2014-2018	500,000	108,454	608,454
2019-2023	635,000	53,631	688,631
2024	145,000	2,885	147,885
Totals	<u>\$1,670,000</u>	<u>\$316,310</u>	<u>\$1,986,310</u>

The Variable Rate Tax Increment Revenue Bonds (the Bonds) were issued on November 22, 2004, in the amount of \$1,865,000 for the purpose of constructing Southwest Parkway in Harrison Commerce Center.

The TIF Revenue Bonds are not secured by the full faith and credit of the Township and the taxing power of the Township is not pledged to the payment of Bonds. The Bonds are limited revenue obligations of the issuer, payable solely from the service payments in lieu of taxes and certain other funds held under the trust agreement, and will neither secure nor be secured by any other obligations or assets, if any, which the issuer may have or acquire.

Under the Tax Increment Financing (TIF) Agreement the debt service requirements are initially the responsibility of the developer until the property owners pay sufficient revenues based on the increased value of the land and improvements. Debt service payments by the developer are not reflected in the Township's financial statements.

Principal and interest on the Bonds will be paid from funds drawn by the Huntington National Bank, as trustee, under an irrevocable direct pay Letter of Credit issued by Fifth Third Bank in the total amount of \$1,964,637.

NOTE 10 – CAPITAL LEASES

The Township entered into a capital lease for a fire apparatus.

The Township's lease meet the criteria of capital lease as defined by statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Capital lease payments will be made from the General Fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

Fiscal Year Ending December 31,	Long-Term Debt
2009	\$32,359
2010	32,359
2011	32,359
2012	32,359
2013	32,359
2014-2017	129,436
Total Payments	291,231
Less: Interest	(61,709)
Payments	<u>\$229,522</u>

NOTE 11 – PUBLIC ENTITY RISK POOL

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.

NOTE 12 – JOINTLY GOVERNED ORGANIZATION

In 2003, in accordance with the provisions of Ohio Revised Code Sections 715.72 through 715.81, a joint economic development district (JEDD) between the Township and the City of Harrison (the City) was approved by an agreement between the respective legislative authorities for a period of 99 years. The JEDD was formed for the purpose of facilitating economic development and improving the economic welfare of persons residing in the Township and the City. The agreement for formation of the district provides for the levying of an income tax on properties located within the district.

NOTE 13 – INTERFUND TRANSFERS

During 2008 the following transfers were made:

	Transfer In	Transfer Out
TIF Equivalent	\$0	\$119,286
TIF Debt Service	119,286	0
Total Transfers in All Funds	<u>\$119,286</u>	<u>\$119,286</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2008

additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

NOTE 14 – SUBSEQUENT EVENTS

On November 3, 2009, the Township passed the Harrison Township Paramedic Levy. Currently, the Township is a member of the Western Joint Ambulance District (WESTJAD) to share advanced life support (ALS) paramedic services with Crosby Township, Whitewater Township, and Cleves. By passing this levy, the Township will withdraw from WESTJAD as of December 31, 2009 and begin receiving ALS services from the Harrison Fire Department, which already provided Township residents fire protection services and basic life support services. The Paramedic Levy will reduce the tax burden of Harrison Township residents by recovering 10% less than the higher WESTJAD tax levy. The current WESTJAD levies are a combined 2.25 mills, whereas the Paramedic Levy will be 1.5 mills.



Dave Yost • 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
Hamilton County
300 George Street
Harrison, Ohio 45030

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, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 24, 2011, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

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

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

January 24, 2011

**HARRISON TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance

Ohio Rev. Code, Section 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Of 50 expenditures tested, 18 out of 25 in 2008 (72%) and eight out of 25 in 2009 (32%), were not properly certified by the Fiscal Officer and none of the exceptions above applied. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2009-001
(Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used with the proper approval by the Board for amounts over \$3,000.

We recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2009-002

Noncompliance

Ohio Rev. Code, Section 5705.39, provides in part that the total appropriation from each fund shall not exceed the estimated revenue available for expenditure therefrom as certified by the county budget commission, or in case of appeal, by the board of tax appeals.

The Township had appropriations greater than estimated resources in 2008 in the Miscellaneous Debt Service Fund (Fund 3901) of \$19,000.

Failure to properly monitor and amend appropriations and estimated revenue may lead to overspending and negative fund balances. We recommend the Township periodically review appropriations and estimated revenue and amend them as needed.

Officials' Response:

We did not receive a response from Officials to this finding.

**HARRISON TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	ORC 5705.41(D)(1), Failure to certify the availability of funds for certain commitments.	No	Reissued as Finding 2009-001
2007-002	ORC 5705.36(A)(4), Appropriation Exceeded Estimated Resources	Yes	
2007-003	ORC 5705.41(B) Expenditures Exceeded Appropriations	Yes	
2007-004	Remit payment in Lieu of Taxes to the school district.	No	Partially Corrected, reissued in Management Letter.
2007-005	Establish all funds as disclosed in the TIF agreements	Yes	
2007-006	ORC 507.07 Posting Errors	Yes	



Dave Yost • Auditor of State

HARRISON TOWNSHIP

HAMILTON 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
FEBRUARY 10, 2011**