



Dave Yost • Auditor of State

HARRISON TOWNSHIP
HENRY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings	17

This page intentionally left blank.



Dave Yost • Auditor of State

Harrison Township
Henry County
O311 County Road 8
Napoleon, Ohio 43545-7885

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Dave Yost
Auditor of State

August 17, 2011

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Harrison Township
Henry County
O311 County Road 8
Napoleon, Ohio 43545-7885

To the Board of Trustees:

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 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.



Dave Yost
Auditor of State

August 17, 2011

**HARRISON TOWNSHIP
HENRY COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$14,420	\$127,787	\$142,207
Charges for Services		18,209	18,209
Licenses, Permits, and Fees		3,147	3,147
Intergovernmental	32,012	195,526	227,538
Payment in Lieu of Taxes	24,793		24,793
Earnings on Investments	2,697	620	3,317
Miscellaneous	240	4,344	4,584
	<u>74,162</u>	<u>349,633</u>	<u>423,795</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	122,129		122,129
Public Safety	813	104,793	105,606
Public Works	9,800	189,161	198,961
Health	3,420		3,420
Capital Outlay	4,969		4,969
Debt Service:			
Redemption of Principal	7,075	10,441	17,516
Interest and Other Fiscal Charges		1,680	1,680
	<u>148,206</u>	<u>306,075</u>	<u>454,281</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(74,044)</u>	<u>43,558</u>	<u>(30,486)</u>
Other Financing Receipts:			
Other Financing Sources	<u>7,843</u>		<u>7,843</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(66,201)	43,558	(22,643)
Fund Cash Balances, January 1	<u>182,401</u>	<u>340,357</u>	<u>522,758</u>
Fund Cash Balances, December 31	<u>\$116,200</u>	<u>\$383,915</u>	<u>\$500,115</u>

The notes to the financial statements are an integral part of this statement.

**HARRISON TOWNSHIP
HENRY COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$11,672	\$102,383	\$114,055
Charges for Services		21,327	21,327
Licenses, Permits, and Fees		1,715	1,715
Intergovernmental	55,294	184,211	239,505
Payment in Lieu of Taxes	36,910		36,910
Earnings on Investments	3,447	559	4,006
Miscellaneous		8,318	8,318
	<u>107,323</u>	<u>318,513</u>	<u>425,836</u>
Total Cash Receipts			
	<u>107,323</u>	<u>318,513</u>	<u>425,836</u>
Cash Disbursements:			
Current:			
General Government	120,647		120,647
Public Safety	813	101,289	102,102
Public Works	7,994	150,802	158,796
Health	3,420	48	3,468
Capital Outlay	4,026	3,853	7,879
Debt Service:			
Redemption of Principal	12,000	9,934	21,934
Interest and Other Fiscal Charges		2,187	2,187
	<u>148,900</u>	<u>268,113</u>	<u>417,013</u>
Total Cash Disbursements			
	<u>148,900</u>	<u>268,113</u>	<u>417,013</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(41,577)</u>	<u>50,400</u>	<u>8,823</u>
Other Financing Receipts:			
Other Financing Sources	<u>6,745</u>		<u>6,745</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(34,832)</u>	<u>50,400</u>	<u>15,568</u>
Fund Cash Balances, January 1	<u>217,233</u>	<u>289,957</u>	<u>507,190</u>
Fund Cash Balances, December 31	<u><u>\$182,401</u></u>	<u><u>\$340,357</u></u>	<u><u>\$522,758</u></u>

The notes to the financial statements are an integral part of this statement.

**HARRISON TOWNSHIP
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Harrison Township, Henry County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Damascus, Liberty, Monroe, and Washington Townships to provide fire services and with the City of Napoleon to provide fire and ambulance services.

The Township participates in the Ohio Township Association Risk Management Authority a risk-sharing. Note 7 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

**HARRISON TOWNSHIP
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining, and repairing Township road and bridges.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

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

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

	2010	2009
Demand deposits	\$500,115	\$522,758

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

**HARRISON TOWNSHIP
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$88,210	\$82,005	(\$6,205)
Special Revenue	294,379	349,633	55,254
Total	\$382,589	\$431,638	\$49,049

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$270,611	\$148,206	\$122,405
Special Revenue	634,738	306,075	328,663
Total	\$905,349	\$454,281	\$451,068

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$87,930	\$114,068	\$26,138
Special Revenue	288,055	318,513	30,458
Total	\$375,985	\$432,581	\$56,596

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$317,059	\$148,900	\$168,159
Special Revenue	566,119	268,113	298,006
Total	\$883,178	\$417,013	\$466,165

4. Property Tax

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

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

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

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

**HARRISON TOWNSHIP
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

5. Debt

Debt outstanding at December 31, 2010 was as follows:

	Balance	Interest Rate
Truck Lease	\$22,505	5.10%

In 2008, the Township purchased a 2000 Sterling Dump Truck using a 5 year lease to be made in annual payments of \$12,121.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	Truck Lease
2011	\$12,121
2012	12,121
Total	\$24,242

6. Retirement System

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

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

7. Risk Management

A. Ohio Township Association Management Authority

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**HARRISON TOWNSHIP
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Management (Continued)

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$5,000.

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

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
\$6,586	\$6,111

**HARRISON TOWNSHIP
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Management (Continued)

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

B. Commercial Insurance

The Township provides health insurance to Village Officials and employees through a private carrier. The Township provides Village Officials and employees with an allotment of up to \$5,000 per family or \$2,500 per individual to cover in-network deductibles. The Township also pays 50% of \$5,000 per family or \$2,500 per individual to cover out-of-network deductibles.



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
Henry County
O311 County Road 8
Napoleon, Ohio 43545-7885

To the Board of Trustees:

We have audited the financial statements of Harrison Township, Henry County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated August 17, 2011, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted 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 UAN. 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-002 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 17, 2011.

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

We 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.



Dave Yost
Auditor of State

August 17, 2011

**HARRISON TOWNSHIP
HENRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001

Noncompliance Citation

Article II, § 20 of the Ohio Constitution prohibits any change, whether an increase or decrease, in a public officer's compensation during their term. Fringe benefits such as health insurance are considered compensation and may not be increased nor decreased mid-term. *State ex rel. Parsons v. Ferguson*, 46 Ohio St.2d 389, 391. Thus an elected official's mid-term change from one health insurance plan to another plan which has different benefits and premiums is prohibited by Article II, § 20 of the Ohio Constitution if the elected official's change of plans was due to direct legislative action which changes the formula pursuant to which the entity offered health care coverage to the officer at the commencement of his term. Ohio Attorney General Opinion 2005-031.

The Township provides health insurance to all its elected officials. In February 2009 the Trustees voted to switch from a fully covered health insurance plan to a high deductible health savings account plan, effective March 1, 2009, during the mid-term of all elected officials. In February 2010, the Trustees again voted to change health insurance plans, increasing benefits and premiums effective March 1, 2010. To compensate Officials for the difference in coverage, the Township reimbursed the Officials for their out of pocket health care deductible of up to \$5,000 per family or \$2,500 per individual to cover in-network deductibles each year. The Township also paid 50% of \$5,000 per family or \$2,500 per individual to cover out-of-network deductibles.

The change in insurance policies reduced the total annual cost of insurance for the Township in 2009 and 2010.

Officials' Response:

Prior to the 2009–2010 audit, Harrison Township was unaware they were handling health insurance incorrectly by changing plans to save the Township money. Harrison Township was handling insurance in a manner that was the most fiscal responsible way the Township knew would give the Township the most cost savings. Harrison Township will continue to work with legal counsel and auditors to avoid future citations.

FINDING NUMBER 2010-002

Material Weakness

Monitoring Financial Statements

Inaccurate posting of transactions impedes the ability of the Trustees to accurately assess the financial status of the Township. We noted examples such as the following during our audit:

- Reimbursement of insurance in the General Fund was posted as miscellaneous revenue in 2010 and 2009 in the amounts of \$7,843 and \$6,745, respectively, instead of other financing source.

FINDING NUMBER 2010-002
(Continued)

- Loan payments in 2010 and 2009 for a truck lease in the amount of \$12,121 were posted as Public Safety in both years, instead of principal and interest debt payment in the Special Revenue Funds.
- Loan payment to the County Community Improvement Corporation in the amount of \$7,075 and \$12,000 was posted as public works instead of redemption of principal in the General Fund in 2010 and 2009, respectively.
- Emergency Management Services revenue was posted as miscellaneous revenue in 2010 and 2009 in the amounts of \$18,209 and \$21,327, respectively, instead of charges for services in the Special Revenue Funds.

As a result, the Township's financial statements did not correctly reflect the financial activity of the Township. The accompanying financial statements have been adjusted so these and other transactions reflect their intended use.

We recommend the Fiscal Officer post all transactions in accordance with the guidance established by the Uniform Accounting Network manual. Further, the Township should adopt policies and procedures including a final review of the financial statements by the Fiscal Officer and Trustees to ensure errors and omissions are detected and corrected.

Officials' Response:

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

**HARRISON TOWNSHIP
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Revised Code § 5705.10 recording revenues in the incorrect fund.	Yes	
2008-002	Material Weakness due to errors in Financial Reporting	No	Not corrected. This finding has been repeated in this report as finding 2010-002.

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

HARRISON TOWNSHIP

HENRY 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
SEPTEMBER 6, 2011