

HARRISON TOWNSHIP
ROSS COUNTY, OHIO

Audited Financial Statements

For the Years Ended December 31, 2007 and 2006



Mary Taylor, CPA

Auditor of State

Board of Trustees
Harrison Township
2776 Possum Hollow Road
Chillicothe, Ohio 45601

We have reviewed the *Independent Accountant's Report* of Harrison Township, Ross County, prepared by Van Kregel and Company, CPA's, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

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

Mary Taylor, CPA
Auditor of State

November 25, 2008

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**Harrison Township
Ross County, Ohio**

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Ross County, Ohio**

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INDEPENDENT ACCOUNTANT'S REPORT

Harrison Township
Ross County
7489 Charleston Pike
Chillicothe, Ohio 45601-8647

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, Ross County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits 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 audits to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide 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, Ross County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons as listed in the table of contents thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated October 28, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.

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Harrison Township
Ross County, Ohio
Independent Auditor's Report

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.

Van Krevel & Company

Van Krevel & Company
Dublin, Ohio

October 28, 2008

**Harrison Township
Ross County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)**

Highlights

This discussion and analysis of Harrison Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Key highlights for 2007 are as follows:

The Township's general receipts are primarily State and local funds. These receipts represent the majority of the total cash received for governmental activities during the year. The level of funds for 2007 changed very little compared to 2006 as development within Harrison Township has slowed.

The Township was able to complete some paving of roads and repair/replacement of some culverts.

Key highlights for 2006 are as follows:

The Township's general receipts are primarily State and local funds. These receipts represent the majority of the total cash received for governmental activities during the year. The level of funds for 2006 changed very little compared to 2005 as development within Harrison Township has slowed.

The Township was able to complete limited paving, road sealing and the replacement of two major culverts.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's 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 financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Harrison Township
Ross County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

Governmental Funds – Most 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 resources that can be spent to financial the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's four most major funds for 2007 are the General, Gasoline Tax, Road and Bridge and Cemetery Funds. For 2006, the three most major funds are the General, Gasoline and Cemetery Funds.

The Township as a Whole

In 2007, the Township spent \$30,000 for paving costs which was in addition to the \$18,750 received from Issue I funds. In 2006, the Township spent approximately \$28,000 for paving and sealing costs.

During 2007 and 2006, the Township made payments on debt for the new dump truck purchased in 2005 in the amounts of \$10,591 and \$10,998, respectively. The truck was purchased with a five year loan. The balance remaining at December 31, 2007, was \$27,000 plus interest. This is the Township's only debt.

In 2007 and 2006, health benefit costs grew slightly, primarily in health insurance premiums. Also, workers compensation premiums increased.

General receipts represent the majority of the Township's total receipts. A large part of the receipts are from taxes and grants and entitlements. Other receipts are very insignificant and a somewhat unpredictable revenue source.

Disbursements for General Government represent the overhead costs of running the Township and the support services for the other Township activities.

**Harrison Township
Ross County, Ohio**

**Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)**

The Township as a Whole (continued)

Security of persons and property are the costs of fire protection.

The dependence upon State and local funds is apparent as a majority of the Township's activities are supported through these receipts.

Total governmental funds had receipts of \$272,194.79 during 2007 and a carryover from 2006 of \$111,975.57; during 2006, receipts were \$233,824.96 with a carryover from 2005 of \$116,759.53. Total disbursements for 2007 and 2006 were \$263,979.30 and \$238,608.92, respectively.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the final actual receipts were above budgeted receipts due to an increase from State funds and the receipts of "stumpage" monies.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on State and local taxes. In 2008, the Board plans to do surface sealing instead of paving to assist with budget concerns.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens and taxpayers 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 Donna Snyder, Fiscal Officer, 7489 Charleston Pike, Chillicothe, Ohio.

**Harrison Township
Ross County, Ohio**

**Statement of Net Assets –Cash Basis
December 31, 2007**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 120,191</u>
<i>Total Assets</i>	<u><u>\$ 120,191</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$ 65,792
Unrestricted	<u>54,399</u>
<i>Total Net Assets</i>	<u><u>\$ 120,191</u></u>

**Harrison Township
Ross County, Ohio**

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

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
General Government	\$ 80,511	\$ -	\$ -	\$ (80,511)
Public Safety	18,317	-	-	(18,317)
Public Works	105,619	-	104,597	(1,022)
Health	3,582	2,200	-	(1,382)
Capital Outlay	23,010	-	-	(23,010)
Debt Service:				
Principal Retirement	9,000			(9,000)
Interest and Fiscal Charges	1,591			(1,591)
<i>Total Governmental Activities</i>	<u>\$ 241,630</u>	<u>\$ 2,200</u>	<u>\$ 104,597</u>	<u>(134,833)</u>
General Receipts				
Property Taxes				25,587
Other Taxes				1,315
Grants and Entitlements not Restricted to Specific Programs				107,764
Sale of Fixed Assets				2,180
Earnings on Investments				5,374
Miscellaneous				829
<i>Total General Receipts</i>				143,049
Change in Net Assets				8,216
<i>Net Assets Beginning of Year</i>				111,975
<i>Net Assets End of Year</i>				\$ 120,191

**Harrison Township
Ross County, Ohio**

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

	General	Gasoline Tax	Road and Bridge	Cemetery	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 54,399	\$ 19,845	\$ 14,233	\$ 19,911	\$ 11,803	\$ 120,191
						-
<i>Total Assets</i>	<u>\$ 54,399</u>	<u>\$ 19,845</u>	<u>\$ 14,233</u>	<u>\$ 19,911</u>	<u>\$ 11,803</u>	<u>\$ 120,191</u>
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$ 54,399	\$ -	\$ -	\$ -	\$ -	\$ 54,399
Special Revenue Funds	-	19,845	14,233	19,911	11,803	65,792
<i>Total Fund Balances</i>	<u>\$ 54,399</u>	<u>\$ 19,845</u>	<u>\$ 14,233</u>	<u>\$ 19,911</u>	<u>\$ 11,803</u>	<u>\$ 120,191</u>

**Harrison Township
Ross County, Ohio**

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

	General	Gasoline Tax	Road and Bridge	Cemetery	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 16,814	\$ -	\$ 10,088	\$ -	\$ -	\$ 26,902
Licenses, Permits and Fees		-	-	1,000	-	1,000
Intergovernmental	85,135	96,619	1,379	-	29,228	212,361
Earnings on Investments	2,515	2,432			427	5,374
Miscellaneous	829		-	1,200		2,029
<i>Total Receipts</i>	<u>105,293</u>	<u>99,051</u>	<u>11,467</u>	<u>2,200</u>	<u>29,655</u>	<u>247,666</u>
Disbursements						
Current:						
General Government	80,511	-	-		-	80,511
Public Safety	289	-	-	-	18,028	18,317
Public Works	76	97,182	3,772		4,589	105,619
Health	300	-	-	3,282		3,582
Capital Outlay	3,825	-	60	-	19,125	23,010
Debt Service:						-
Principal Retirement		9,000				9,000
Interest and Fiscal Charges		1,591				1,591
<i>Total Disbursements</i>	<u>85,001</u>	<u>107,773</u>	<u>3,832</u>	<u>3,282</u>	<u>41,742</u>	<u>241,630</u>
<i>Excess of Receipts Over (Under)</i>						
<i>Disbursements</i>	<u>20,292</u>	<u>(8,722)</u>	<u>7,635</u>	<u>(1,082)</u>	<u>(12,087)</u>	<u>6,036</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets	2,180					2,180
Transfers In	-	-	-	5,000	17,348	22,348
Transfers Out	(22,348)		-	-	-	(22,348)
<i>Total Other Financing Sources (Uses)</i>	<u>(20,168)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>17,348</u>	<u>2,180</u>
<i>Net Change in Fund Balances</i>	124	(8,722)	7,635	3,918	5,261	8,216
<i>Fund Balances Beginning of Year</i>	<u>54,275</u>	<u>28,567</u>	<u>6,598</u>	<u>15,993</u>	<u>6,542</u>	<u>111,975</u>
<i>Fund Balances End of Year</i>	<u>\$ 54,399</u>	<u>\$ 19,845</u>	<u>\$ 14,233</u>	<u>\$ 19,911</u>	<u>\$ 11,803</u>	<u>\$ 120,191</u>

**Harrison Township
Ross County, Ohio**

**Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
General Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 18,718	\$ 18,718	\$ 16,814	\$ (1,904)
Intergovernmental	65,495	65,495	85,135	19,640
Earnings on Investments	2,000	2,000	2,515	515
Miscellaneous	5,000	5,000	829	(4,171)
<i>Total receipts</i>	<u>91,213</u>	<u>91,213</u>	<u>105,293</u>	<u>14,080</u>
Disbursements				
Current:				
General Government	84,201	92,201	80,511	11,690
Public Safety	500	500	289	211
Public Works	500	500	76	424
Health	500	500	300	200
Capital Outlay	5,000	5,000	3,825	1,175
<i>Total Disbursements</i>	<u>90,701</u>	<u>98,701</u>	<u>85,001</u>	<u>13,700</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>512</u>	<u>(7,488)</u>	<u>20,292</u>	<u>27,780</u>
Other Financing Uses				
Sale of Fixed Assets	-	-	2,180	2,180
Transfers Out	(22,348)	(22,348)	(22,348)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(22,348)</u>	<u>(22,348)</u>	<u>(20,168)</u>	<u>2,180</u>
<i>Net Change in Fund Balance</i>	(21,836)	(29,836)	124	29,960
<i>Fund Balance Beginning of Year</i>	<u>54,275</u>	<u>54,275</u>	<u>54,275</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 32,439</u>	<u>\$ 24,439</u>	<u>\$ 54,399</u>	<u>\$ 29,960</u>

**Harrison Township
Ross County, Ohio**

**Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 92,600	\$ 92,600	\$ 96,619	\$ 4,019
Earnings on Investments	2000	2000	2,432	432
Miscellaneous	200	200	-	(200)
<i>Total receipts</i>	<u>94,800</u>	<u>94,800</u>	<u>99,051</u>	<u>4,251</u>
Disbursements				
Current:				
Public Works	101,245	109,245	97,182	12,063
Capital Outlay	1,000	1,000	-	1,000
Debt Service:				
Principal Retirement	-	-	9,000	(9,000)
Interest and Fiscal Charges	10,600	10,600	1,591	9,009
<i>Total Disbursements</i>	<u>112,845</u>	<u>120,845</u>	<u>107,773</u>	<u>13,072</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(18,045)</u>	<u>(26,045)</u>	<u>(8,722)</u>	<u>17,323</u>
<i>Fund Balance Beginning of Year</i>	<u>28,567</u>	<u>28,567</u>	<u>28,567</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 10,522</u></u>	<u><u>\$ 2,522</u></u>	<u><u>\$ 19,845</u></u>	<u><u>\$ 17,323</u></u>

**Harrison Township
Ross County, Ohio**

**Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 11,221	\$ 11,221	\$ 10,088	\$ (1,133)
Intergovernmental	70	70	1,379	1,309
<i>Total receipts</i>	11,291	11,291	11,467	176
Disbursements				
Current:				
Public Works	12,500	12,500	3,772	8,728
Capital Outlay	500	500	60	440
<i>Total Disbursements</i>	13,000	13,000	3,832	9,168
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,709)	(1,709)	7,635	9,344
<i>Fund Balance Beginning of Year</i>	6,598	6,598	6,598	-
<i>Fund Balance End of Year</i>	\$ 4,889	\$ 4,889	\$ 14,233	\$ 9,344

**Harrison Township
Ross County, Ohio**

**Statement of Receipts Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
Cemetery Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Earnings on Investments	\$ 1,500	\$ 1,500	\$ 1,000	\$ (500)
Miscellaneous	1,250	1,250	1,200	(50)
<i>Total receipts</i>	<u>2,750</u>	<u>2,750</u>	<u>2,200</u>	<u>(550)</u>
Disbursements				
Current:				
Health	6,000	6,000	3,282	2,718
<i>Total Disbursements</i>	<u>6,000</u>	<u>6,000</u>	<u>3,282</u>	<u>2,718</u>
Other Financing Sources (Uses)				
Transfer In	5,000	5,000	5,000	-
<i>Total Other Financing Sources (Uses)</i>	5,000	5,000	5,000	-
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,750</u>	<u>1,750</u>	<u>3,918</u>	<u>(2,168)</u>
<i>Fund Balance Beginning of Year</i>	<u>15,993</u>	<u>15,993</u>	<u>15,993</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 17,743</u>	<u>\$ 17,743</u>	<u>\$ 19,911</u>	<u>\$ (2,168)</u>

Harrison Township
Ross County, Ohio

Statement of Fiduciary Net Assets
Fiduciary Fund – Strausbaugh Estate Trust Fund
December 31, 2007

	Private Purpose Trust <u>Strausbaugh Trust</u>
Assets	
Cash and Cash Equivalents in Segregated Account	<u>\$ 13,952</u>
<i>Total Assets</i>	<u>\$ 13,952</u>
Net Assets	
Held in Trust for Other Individuals	<u>\$ 13,952</u>
<i>Total Net Assets</i>	<u>\$ 13,952</u>

Harrison Township
Ross County, Ohio

Statement of Changes in Fiduciary Net Assets
Fiduciary Fund – Strausbaugh Estate Trust Fund
For the Year Ended December 31, 2007

	Private Purpose Trust <u>Strausbaugh Trust</u>
Additions	
Interest	\$ 700
Deductions	<u>-</u>
Change in Net Assets	<u>700</u>
<i>Net Assets – Beginning of Year</i>	13,252
<i>Net Assets – End of Year</i>	<u>\$ 13,952</u>

**Harrison Township
Ross County, Ohio**

**Statement of Net Assets –Cash Basis
December 31, 2006**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 111,975</u>
<i>Total Assets</i>	<u><u>\$ 111,975</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$ 57,700
Unrestricted	<u>54,275</u>
<i>Total Net Assets</i>	<u><u>\$ 111,975</u></u>

**Harrison Township
Ross County, Ohio**

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

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash	Charges	Operating	Governmental	
Disbursements	for Services and Sales	Grants and Contributions	Activities	
Governmental Activities				
General Government	\$ 70,472	\$ -	\$ -	\$ (70,472)
Public Safety	26,048	-	-	(26,048)
Public Works	97,338	-	103,241	5,903
Health	4,039	2,750	-	(1,289)
Capital Outlay	5,520	-	-	(5,520)
Debt Service:				
Principal Retirement	9,000			(9,000)
Interest and Fiscal Charges	1,998			(1,998)
	<u>\$ 214,415</u>	<u>\$ 2,750</u>	<u>\$ 103,241</u>	<u>(108,424)</u>
<i>Total Governmental Activities</i>				
General Receipts				
Property Taxes				23,459
Other Taxes				1,414
Grants and Entitlements not Restricted to Specific Programs				68,688
Sale of Fixed Assets				3,505
Earnings on Investments				4,466
Miscellaneous				2,108
				<u>103,640</u>
<i>Total General Receipts</i>				103,640
Change in Net Assets				(4,784)
<i>Net Assets Beginning of Year</i>				116,759
<i>Net Assets End of Year</i>				\$ 111,975

**Harrison Township
Ross County, Ohio**

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

	General	Gasoline Tax	Cemetery	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 54,275	\$ 28,567	\$ 15,993	\$ 13,140	\$ 111,975
<i>Total Assets</i>	<u>\$ 54,275</u>	<u>\$ 28,567</u>	<u>\$ 15,993</u>	<u>\$ 13,140</u>	<u>\$ 111,975</u>
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	\$ 54,275	\$ -	\$ -	\$ -	\$ 54,275
Special Revenue Funds	-	28,567	15,993	13,140	57,700
<i>Total Fund Balances</i>	<u>\$ 54,275</u>	<u>\$ 28,567</u>	<u>\$ 15,993</u>	<u>\$ 13,140</u>	<u>\$ 111,975</u>

**Harrison Township
Ross County, Ohio**

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

	General	Gasoline Tax	Cemetery	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 15,546	\$ -		\$ 9,327	\$ 24,873
Licenses Permits and Fees		-	1,500	-	1,500
Intergovernmental	68,688	93,850		9,391	171,929
Earnings on Investments	2,289	2,044	-	133	4,466
Miscellaneous	2,108	-	1,250	-	3,358
<i>Total Receipts</i>	<u>88,631</u>	<u>95,894</u>	<u>2,750</u>	<u>18,851</u>	<u>206,126</u>
Disbursements					
Current:					
General Government	70,472	-	-		70,472
Public Safety	200	-	-	25,848	26,048
Public Works	-	80,027	-	17,311	97,338
Health	265	-	3,774	-	4,039
Capital Outlay	4,456	497	-	567	5,520
Debt Service:					
Principal Retirement		9,000			9,000
Interest and Fiscal Charges		1,998			1,998
<i>Total Disbursements</i>	<u>75,393</u>	<u>91,522</u>	<u>3,774</u>	<u>43,726</u>	<u>214,415</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>13,238</u>	<u>4,372</u>	<u>(1,024)</u>	<u>(24,875)</u>	<u>(8,289)</u>
Other Financing Sources (Uses)					
Sale of Fixed Assets	3,505				3,505
Transfers In	-	-	5,000	19,194	24,194
Transfers Out	(24,194)		-	-	(24,194)
<i>Total Other Financing Sources (Uses)</i>	<u>(20,689)</u>	<u>-</u>	<u>5,000</u>	<u>19,194</u>	<u>3,505</u>
<i>Net Change in Fund Balances</i>	(7,451)	4,372	3,976	(5,681)	(4,784)
<i>Fund Balances Beginning of Year</i>	<u>61,726</u>	<u>24,195</u>	<u>12,017</u>	<u>18,821</u>	<u>116,759</u>
<i>Fund Balances End of Year</i>	<u>\$ 54,275</u>	<u>\$ 28,567</u>	<u>\$ 15,993</u>	<u>\$ 13,140</u>	<u>\$ 111,975</u>

**Harrison Township
Ross County, Ohio**

**Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
General Fund
For the Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 16,200	\$ 16,200	\$ 15,546	\$ (654)
Intergovernmental	68,264	68,264	68,688	424
Earnings on Investments	550	550	2,289	1,739
Miscellaneous	3,525	3,525	2,108	(1,417)
<i>Total receipts</i>	<u>88,539</u>	<u>88,539</u>	<u>88,631</u>	<u>92</u>
Disbursements				
Current:				
General Government	83,238	83,238	70,472	12,766
Public Safety	200	200	200	-
Public Works	500	500	-	500
Health	500	500	265	235
Capital Outlay	5,000	5,000	4,456	544
<i>Total Disbursements</i>	<u>89,438</u>	<u>89,438</u>	<u>75,393</u>	<u>14,045</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(899)</u>	<u>(899)</u>	<u>13,238</u>	<u>14,137</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	-	-	3,505	3,505
Transfers Out	(24,194)	(24,194)	(24,194)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(24,194)</u>	<u>(24,194)</u>	<u>(20,689)</u>	<u>3,505</u>
<i>Net Change in Fund Balance</i>	<u>(25,093)</u>	<u>(25,093)</u>	<u>(7,451)</u>	<u>17,642</u>
<i>Fund Balance Beginning of Year</i>	<u>61,726</u>	<u>61,726</u>	<u>61,726</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 36,633</u>	<u>\$ 36,633</u>	<u>\$ 54,275</u>	<u>\$ 17,642</u>

**Harrison Township
Ross County, Ohio**

**Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 82,400	\$ 82,400	\$ 93,850	\$ 11,450
Earnings on Investments	300	300	2,044	1,744
Miscellaneous	570	570	-	(570)
<i>Total receipts</i>	<u>83,270</u>	<u>83,270</u>	<u>95,894</u>	<u>12,624</u>
Disbursements				
Current:				
Public Works	83,707	83,707	80,027	3,680
Capital Outlay	1,000	1,000	497	503
Debt Service:				
Principal Retirement	-	-	9,000	(9,000)
Interest and Fiscal Charges	10,998	10,998	1,998	9,000
<i>Total Disbursements</i>	<u>95,705</u>	<u>95,705</u>	<u>91,522</u>	<u>4,183</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,435)</u>	<u>(12,435)</u>	<u>4,372</u>	<u>16,807</u>
<i>Fund Balance Beginning of Year</i>	<u>24,195</u>	<u>24,195</u>	<u>24,195</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 11,760</u></u>	<u><u>\$ 11,760</u></u>	<u><u>\$ 28,567</u></u>	<u><u>\$ 16,807</u></u>

**Harrison Township
Ross County, Ohio**

**Statement of Receipts Disbursements and Changes in Fund Balances
Budget and Actual – Budget Basis
Cemetery Fund
For the Year Ended December 31, 2006**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Licenses, Permits and Fees	\$ 1,000	\$ 1,000	\$ 1,500	\$ 500
Miscellaneous	1,000	1,000	1,250	250
<i>Total receipts</i>	2,000	2,000	2,750	750
Disbursements				
Current:				
Health	7,260	7,260	3,774	3,486
<i>Total Disbursements</i>	7,260	7,260	3,774	3,486
<i>Excess of Receipts Over (Under) Disbursements</i>	(5,260)	(5,260)	(1,024)	4,236
Other Financing Sources (Uses)				
Transfers In	5,000	5,000	5,000	-
<i>Total Other Financing Sources (Uses)</i>	5,000	5,000	5,000	-
<i>Net Change in Fund Balance</i>	(260)	(260)	3,976	4,236
<i>Fund Balance Beginning of Year</i>	12,017	12,017	12,017	-
<i>Fund Balance End of Year</i>	\$ 11,757	\$ 11,757	\$ 15,993	\$ 4,236

Harrison Township
Ross County, Ohio

Statement of Fiduciary Net Assets
Fiduciary Fund – Strausbaugh Estate Trust Fund
December 31, 2006

	Private Purpose Trust <u>Strausbaugh Trust</u>
Assets	
Cash and Cash Equivalents in Segregated Account	<u>\$ 13,252</u>
<i>Total Assets</i>	<u>\$ 13,252</u>
Net Assets	
Held in Trust for Other Individuals	<u>\$ 13,252</u>
<i>Total Net Assets</i>	<u>\$ 13,252</u>

Harrison Township
Ross County, Ohio

Statement of Changes in Fiduciary Net Assets
Fiduciary Fund – Strausbaugh Estate Trust Fund
For the Year Ended December 31, 2006

	Private Purpose Trust <u>Strausbaugh Trust</u>
Additions	
Interest	\$ 718
Deductions	<u>-</u>
Change in Net Assets	<u>718</u>
<i>Net Assets – Beginning of Year</i>	12,534
<i>Net Assets – End of Year</i>	<u><u>\$ 13,252</u></u>

**Harrison Township
Ross County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 1 REPORTING ENTITY

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

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

A Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general governmental services, maintenance of Township roads and bridges and cemetery maintenance. The Township also provides fire protection and emergency medical services through its volunteer fire department.

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

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 Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the 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 statements of net assets and statements of activities, and fund financial statements which provide a more detailed level of financial information.

**Harrison Township
Ross County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Wide Financial Statements

The statements of net assets and the statements of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statements of net assets present the cash and investment balances of the governmental activities of the Township at year end. The statements of activities compare disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are 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 activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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 and a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants) and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund and Cemetery Fund.

General 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.

**Harrison Township
Ross County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B Fund Accounting (continued)

Governmental Funds (continued)

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

Road and Bridge Fund – This fund receives tax monies to pay for constructing, maintaining and repairing Township roads and bridges.

Cemetery Fund – This fund receives charges for services to pay for maintaining the cemetery.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds (Trust Funds)

Fiduciary funds include private purpose trust funds and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township has a private purpose trust fund, the Strausbaugh Estate Trust Fund. This fund receives interest earnings from a certificate of deposit. The earnings are to be used for the upkeep and maintenance of designated cemetery plots.

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 goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

**Harrison Township
Ross County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Budgetary Process (continued)

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

E Cash and Investments

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

Interest earnings are allocated to Township funds according to State statutes, grant requirements or debt related restrictions. Interest receipts credited to the General Fund during 2007 and 2006 were \$2,515 and \$2,289, respectively.

F Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent \$65,792 of net assets at December 31, 2007, and \$57,700 at December 31, 2006.

G Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**Harrison Township
Ross County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H Capital Assets

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

I Interfund Receivables/Payables

The Township reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J Accumulated Leave

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

K Employer Contributions to Cost Sharing Pension Plans

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

L Long-Term Obligations

The Township's 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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for maintaining and repairing Township roads, cemetery maintenance and providing fire protection and emergency medical services. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. 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.

**Harrison Township
Ross County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 3 ACCOUNTABILITY AND COMPLIANCE

Contrary to Ohio law, budgetary expenditures in 2007 and 2006 exceeded appropriation authority on the object level for debt service, principal retirement in the Gasoline Tax Fund by \$9,000 each year.

NOTE 4 BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual - Budgetary Basis presented for the General, Gasoline Tax, Road and Bridge, and Cemetery Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance. There were no encumbrances outstanding at December 31, 2007 and 2006.

NOTE 5 DEPOSITS AND INVESTMENTS

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

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or 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.

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;

**Harrison Township
Ross County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 5 DEPOSITS AND INVESTMENTS (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At December 31, 2007, the Township had no undeposited cash on hand.

Deposits

At year end, the Township maintained deposits at one bank. The carrying and bank balances of the Township's deposits at December 31, 2007 were \$134,143 and \$139,208, respectively. Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by eligible securities pledged by the financial institution as security for repayment.

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, \$39,208 of the Township's bank balance was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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 105 percent of the deposits being secured.

Investments

The Township had no investments at December 31, 2007 and 2006.

**Harrison Township
Ross County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 6 PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2007 and 2006 for real and public utility property taxes represent collection of the 2006 and 2005 taxes, respectively. Property tax payments received during 2007 and 2006 for tangible personal property (other than public utility property) is for 2007 and 2006 taxes, respectively.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. 2006 real property taxes are levied after October 1, 2006 on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 and 2006 real property taxes are collected in and are intended to finance 2008 and 2007, respectively.

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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes. 2006 public utility property taxes which became a lien on December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2007 tangible property taxes are levied after October 1, 2006, on the true value as of December 31, 2006. Collections are made in 2007. 2006 tangible property taxes are levied after October 1, 2005, on the true value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5%. This will be reduced to 6.25% for 2008, and zero for 2009. Payments made by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the years ended December 31, 2007 and 2006, was \$2.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

	<u>2007</u>	<u>2006</u>
Real Property	\$10,876,770	\$10,347,130
Public Utility Property	1,010,910	1,050,780
Tangible Personal Property	<u>120,940</u>	<u>34,450</u>
Total Assessed Value	<u>\$12,008,620</u>	<u>\$11,432,360</u>

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

**Harrison Township
Ross County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 7 RISK MANAGEMENT

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

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

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

Casualty Coverage

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

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

Property Coverage

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

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

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

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

**Harrison Township
Ross County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 7 RISK MANAGEMENT (continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006 respectively, liabilities noted above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$6,968. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA the expected rates charged by OTARMA 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 liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2007	\$ 8,100
2006	10,197
2005	9,567

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

NOTE 8 DEFINED BENEFIT PENSION PLAN

A Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

**Harrison Township
Ross County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 8 DEFINED BENEFIT PENSION PLAN (continued)

A Ohio Public Employees Retirement System (continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2007 and 2006, the members of all three plans were required to contribute 9.5 and 9.0 percent, respectively, of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 and 2006 was 13.85 and 13.70 percent, respectively.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$9,603, \$9,070, and \$8,625 respectively. The full amount has been contributed for 2007, 2006 and 2005.

NOTE 9 POSTEMPLOYMENT BENEFITS

A Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 0 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

**Harrison Township
Ross County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 9 POST EMPLOYMENT BENEFITS (continued)

A Ohio Public Employees Retirement System (continued)

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$6,373. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

NOTE 10 DEBT

The Township's long term debt activity for the years ended December 31, 2007 and 2006 was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2007	Due Within One Year
General Obligation Note- Dump Truck Issued 2005						
(Original Amt \$45,000)	4.44%	\$ 45,000	\$ -	\$ -		\$ 9,000
2006 Activity				(9,000)		
2007 Activity				(9,000)		
		<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ (18,000)</u>	<u>\$ 27,000</u>	<u>\$ 9,000</u>

Harrison Township has an outstanding five year note with The Vinton County National Bank used for the purchase of a 2003 International dump truck which will end in the year 2010.

The general obligation note is supported by the full faith and credit of the Township and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

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

<u>Year Ending December 31,</u>	<u>Principal Due</u>	<u>Interest Due</u>
2008	\$ 9,000	\$ 1,188
2009	9,000	792
2010	<u>9,000</u>	<u>396</u>
	<u>\$27,000</u>	<u>\$ 2,376</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5% of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5% of its tax valuation. The effects of the debt limitations at December 31, 2007 were an overall debt margin of \$333,259 and an unvoted debt margin of \$93,086.

**Harrison Township
Ross County, Ohio**

**Notes to the Financial Statements
December 31, 2007 and 2006**

NOTE 11 INTERFUND TRANSFERS

During 2007, the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$ 27,348
Total Transfers from the General Fund	<u>\$ 27,348</u>

During 2006, the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$ 24,194
Total Transfers from the General Fund	<u>\$ 24,194</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**INDEPENDENT ACCOUNTANT’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Harrison Township
Ross County
7489 Charleston Pike
Chillicothe, Ohio 45601-8647

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, Ross County as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township’s basic financial statements and have issued our report thereon dated October 28, 2008, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audits 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 audits, we considered the Township’s internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township’s internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township’s internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the Township’s management in a separate letter dated October 28, 2008.

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Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2007-001.

We intend this report solely for the information and use of the audit committee, management, and board of trustees. We intend it for no one other than these specified parties.



Van Krevel & Company
Dublin, Ohio

October 28, 2008

**Harrison Township
Ross County, Ohio**

**Schedule of Findings
December 31, 2007 and 2006**

Finding No. 2007-001

Noncompliance/Control Deficiency

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

In 2007 and 2006, the Township appropriated funds for note payments in the amounts of \$10,591 and \$10,998, respectively. These funds were appropriated and payments recorded as interest. The expenditures represented payments of both principal and interest, and should have been appropriated and recorded as such.

While the appropriations and expenditures in total were correct, the annual principal payments of \$9,000 for 2007 and 2006 were misclassified. The financial statements have been revised to reflect these reclassifications. These misclassifications resulted in a compliance violation.

We recommend the Township Fiscal Officer consider the Uniform Accounting Network Chart of Accounts in the Township Accounting Manual when appropriating funds to the various object codes.

Official's Response:

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



Mary Taylor, CPA
Auditor of State

HARRISON TOWNSHIP

ROSS 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
DECEMBER 9, 2008**