



Dave Yost • Auditor of State

HARRISON TOWNSHIP
PICKAWAY COUNTY

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HARRISON TOWNSHIP
PICKAWAY COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Harrison Township
Pickaway County
P.O. Box 290
Ashville, Ohio 43103

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, Pickaway County, Ohio (the Township), as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Harrison Township, Pickaway County, Ohio, as of December 31, 2011 and 2010, and the respective changes in modified cash financial position, thereof and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge and Fire funds thereof for the years then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, during 2011 Harrison Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2012, 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.

We conducted our audit to opine on the Township's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

August 10, 2012

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
*UNAUDITED***

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, 2011 and 2010, within the limitations of the Township's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2011 are as follows:

Net assets of governmental activities increased \$235,470, or 16 percent, a significant change from the prior year. This increase primarily occurred because the Township obtained a loan in the amount of \$120,000 for the purchase of a new ambulance and due to an increase in revenues in charges for services.

The Township's general receipts are primarily property taxes. These receipts represent approximately 40 percent of the total cash received for governmental activities during the year.

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$389,672, or 37 percent, a significant change from the prior year. This increase primarily occurred due to an increase in revenues in Estate tax settlements

The Township's 2010 general receipts were primarily comprised of property taxes and grants and entitlements; these receipts represent 40 percent and 19 percent, respectively of the total cash received for governmental activities during the year. Property tax receipts for 2010 changed very little compared to 2009 as development within the Township has slowed.

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 modified 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
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
*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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2011 and 2010, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the governmental activities include most of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not 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. The funds of the Township are all listed as governmental funds.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
UNAUDITED**

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gas Tax Fund, Road & Bridge Fund, Fire Fund and Debt Service Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2011, 2010 and 2009 on a modified cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2011	2010	2009
Assets			
Cash and Cash Equivalents	\$1,183,010	\$954,303	\$770,906
Investments	488,501	481,738	275,463
Total Assets	\$1,671,511	\$1,436,041	\$1,046,369
Net Assets			
Restricted for:			
Debt Service			\$273
Other Purposes	1,192,536	999,203	865,268
Unrestricted	478,975	436,838	180,828
Total Net Assets	\$1,671,511	\$1,436,041	\$1,046,369

As mentioned previously, net assets of governmental activities increased \$235,470, or 16 percent during 2011 and 389,672, or 37 percent during 2010. The primary reasons contributing to the increases in cash balances are as follows:

In 2011 the Township obtained a loan to purchase a new ambulance. The Township agreed to make annual payments for the loan starting in May 2012. In addition, more revenue was generated from charges for services during the year. In 2010, the Township received a large amount of estate tax which caused the above increase in net assets.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
UNAUDITED**

Table 2 reflects the changes in net assets on a modified cash basis in 2011, 2010 and 2009 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2011	2010	2009
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$898,815	\$688,011	\$702,848
Operating Grants and Contributions	178,127	180,695	259,468
Total Program Receipts	<u>1,076,942</u>	<u>868,706</u>	<u>962,316</u>
General Receipts:			
Property and Other Local Taxes	926,431	900,699	844,877
Grants and Entitlements Not Restricted to Specific Programs	131,224	418,866	31,870
Note Proceeds	120,000	0	0
Interest	9,178	8,406	9,972
Miscellaneous	30,468	31,169	2,053
Total General Receipts	<u>1,217,301</u>	<u>1,359,140</u>	<u>888,772</u>
Total Receipts	<u>2,294,243</u>	<u>2,227,846</u>	<u>1,851,088</u>
Disbursements:			
General Government	139,476	140,069	102,238
Public Safety	1,337,734	1,308,997	1,283,779
Public Works	266,592	180,612	244,737
Health	67,835	66,166	58,922
Capital Outlay	204,480	67,469	41,010
Debt Service:			
Principal	35,000	65,000	65,000
Interest	7,656	9,861	12,739
Total Disbursements	<u>2,058,773</u>	<u>1,838,174</u>	<u>1,808,425</u>
Increase in Net Assets	235,470	389,672	42,663
Net Assets, January 1,	<u>1,436,041</u>	<u>1,046,369</u>	<u>1,003,706</u>
Net Assets, December 31	<u>\$1,671,511</u>	<u>\$1,436,041</u>	<u>\$1,046,369</u>

Program receipts represent only 47 percent in 2011 and 39 percent in 2010 of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax revenues, building permits and inspection fees and charges to Madison Township, Walnut Township, Muhlenberg Township and Jackson Township for fire and EMS services provided under contract.

General receipts represent 53 percent in 2011 and 61 percent in 2010 of the Township's total receipts; of this amount, over 76 percent in 2011 and 66 percent in 2010 are local taxes. Receipts other than proceeds of notes are very insignificant and somewhat unpredictable revenue sources.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
UNAUDITED**

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of salaries for trustees, fiscal officer, zoning inspector, zoning board and zoning appeals board members, UAN fees, tax collection fees, utilities, payroll expenses, and finally transfers supporting other funds as needed.

Public Safety expenditures are primarily associated with the costs of salaries and benefits for employees of the Fire department/EMS plus the cost of any training and supplies provided to these employees. Public works expenditures are those expenditures made by the Township for the care and maintenance of Township roads. Capital outlay is primarily used to purchase equipment for the maintenance of roads and for the fire department. In fiscal year 2011 the Township purchased an ambulance in the amount of \$154,852.

Governmental Activities

If you look at the Statement of Activities on pages 10 and 18, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety, which account for 65 percent in 2011 and 71 percent in 2010 of all governmental disbursements, respectively. Public works also represents a significant cost, about 13 percent in 2011 and 10 percent in 2010. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
General Government	\$139,476	\$139,476	\$140,069	\$140,069	\$102,238	\$102,238
Public Safety	\$1,337,734	\$820,512	\$1,308,997	\$937,738	\$1,283,779	\$906,368
Public Works	266,592	170,641	180,612	79,721	244,737	145,359
Health	67,835	(284,336)	66,166	(226,879)	58,922	(238,950)
Other	0	(111,598)	0	(103,511)	0	(187,655)
Capital Outlay	204,480	204,480	67,469	67,469	41,010	41,010
Debt Service;						
Principal	35,000	35,000	65,000	65,000	65,000	65,000
Interest	7,656	7,656	9,861	9,861	12,739	12,739
Total Expenses	<u>\$2,058,773</u>	<u>\$981,831</u>	<u>\$1,838,174</u>	<u>\$969,468</u>	<u>\$1,808,425</u>	<u>\$846,109</u>

The dependence upon property tax receipts is apparent as over 45 percent in 2011 and 49 percent in 2010 of governmental activities are supported through these general receipts.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
*UNAUDITED***

The Township's Funds

Total governmental funds had receipts of \$2,174,243 and disbursements of \$2,058,773 in fiscal year 2011 and receipts of \$2,227,846 and disbursements of \$1,838,174 in fiscal year 2010. The greatest change within governmental funds occurred within the Fire Fund in 2011 where the fund balance increased by \$226,976 mainly due to the receipt of loan proceeds and increase in charges for services revenues. The greatest change within governmental funds for fiscal year 2010 occurred in the General Fund; the fund balance increased by \$256,010 due to the collection of estate tax during the year. Both of these variances can be attributed to the timing of receipts.

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 and disbursements. The most significant budgeted fund is the General Fund.

During 2011 and 2010, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts did not change when compared to original budgeted receipts in 2011. Final budgeted receipts increased significantly from original budgeted receipts in 2010 due to the Township budgeting for the receipt of debt proceeds. Actual receipts exceeded final budgeted receipts by \$123,453 and \$345,647 in 2011 and 2010, respectively, due primarily to intergovernmental revenues.

For fiscal year 2011, final disbursements were budgeted at \$198,200 while actual disbursements were \$163,316. For fiscal year 2010, final disbursements were budgeted at \$188,900 while actual disbursements were \$171,637. The Township kept spending close to budgeted amounts as demonstrated by the minor reported variances.

Debt Administration

At December 31, 2011, the Township's outstanding debt included \$260,000 in notes issued for the purchase of a fire truck and an ambulance. For further information regarding the Township's debt, refer to Note 10 to the basic financial statements.

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 local taxes and have very little industry to support the tax base.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to MaryAnn Elliot, Fiscal Officer, Harrison Township, P.O. Box 290, Ashville, Ohio 43103.

HARRISON TOWNSHIP
PICKAWAY COUNTY

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,183,010
Investments	<u>488,501</u>
<i>Total Assets</i>	<u><u>1,671,511</u></u>
Net Assets	
Restricted for:	
Other Purposes	1,192,536
Unrestricted	<u>478,975</u>
<i>Total Net Assets</i>	<u><u>\$ 1,671,511</u></u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Total
Governmental Activities				
Current:				
General Government	\$ 139,476	\$ -	\$ -	\$ (139,476)
Public Safety	1,337,734	517,222	-	(820,512)
Public Works	266,592	-	95,951	(170,641)
Health	67,835	352,171	-	284,336
Other	-	29,422	82,176	111,598
Capital Outlay	204,480	-	-	(204,480)
Debt Service:				-
Principal Retirement	35,000	-	-	(35,000)
Interest and Fiscal Charges	7,656	-	-	(7,656)
<i>Total Governmental Activities</i>	2,058,773	898,815	178,127	(981,831)
		General Receipts:		
		Property Taxes Levied for:		
				General Purposes 926,431
				Grants and Entitlements not Restricted to Specific Programs 131,224
				Sale of Notes 120,000
				Earnings on Investments 9,178
				Miscellaneous 30,468
				Total General Receipts 1,217,301
				Change in Net Assets 235,470
				Net Assets Beginning of Year 1,436,041
				Net Assets End of Year \$ 1,671,511

See accompanying notes to the basic financial statements

HARRISON TOWNSHIP
PICKAWAY COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General	Gasoline Tax	Road & Bridge	Fire	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 166,492	\$ 82,746	\$ 206,569	\$ 678,773	\$ -	\$ 48,430	\$ 1,183,010
Investments	312,483	71,018	80,000	-	-	25,000	488,501
<i>Total Assets</i>	<u>478,975</u>	<u>153,764</u>	<u>286,569</u>	<u>678,773</u>	<u>-</u>	<u>73,430</u>	<u>1,671,511</u>
Fund Balances							
Restricted	-	153,764	286,569	678,773	-	73,430	1,192,536
Unassigned	478,975	-	-	-	-	-	478,975
<i>Total Fund Balances</i>	<u>\$ 478,975</u>	<u>\$ 153,764</u>	<u>\$ 286,569</u>	<u>\$ 678,773</u>	<u>\$ -</u>	<u>\$ 73,430</u>	<u>\$ 1,671,511</u>

See accompanying notes to the basic financial statements

HARRISON TOWNSHIP
PICKAWAY COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General	Gasoline Tax	Road & Bridge	Fire	Debt Service	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 83,894	\$ -	\$ 122,529	\$ 720,008	\$ -	\$ -	\$ 926,431
Charges for Services	-	-	-	853,593	-	-	853,593
Licenses, Permits and Fees	4,172	-	-	-	-	41,050	45,222
Intergovernmental	89,640	83,275	16,903	101,412	-	12,756	303,986
Earnings on Investments	7,506	1,602	-	-	-	70	9,178
Miscellaneous	20,241	-	5,169	10,423	-	-	35,833
<i>Total Receipts</i>	<u>205,453</u>	<u>84,877</u>	<u>144,601</u>	<u>1,685,436</u>	<u>-</u>	<u>53,876</u>	<u>2,174,243</u>
Disbursements							
Current:							
General Government	139,476	-	-	-	-	-	139,476
Public Safety	1,834	-	-	1,335,900	-	-	1,337,734
Public Works	500	152,586	99,168	-	-	14,338	266,592
Health	21,506	-	-	-	-	46,329	67,835
Capital Outlay	-	-	538	199,904	-	4,038	204,480
Debt Service:							
Principal Retirement	-	-	-	-	35,000	-	35,000
Interest and Fiscal Charges	-	-	-	-	7,656	-	7,656
<i>Total Disbursements</i>	<u>163,316</u>	<u>152,586</u>	<u>99,706</u>	<u>1,535,804</u>	<u>42,656</u>	<u>64,705</u>	<u>2,058,773</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>42,137</u>	<u>(67,709)</u>	<u>44,895</u>	<u>149,632</u>	<u>(42,656)</u>	<u>(10,829)</u>	<u>115,470</u>
Other Financing Sources (Uses)							
Transfers In	-	-	-	-	42,656	-	42,656
Transfers Out	-	-	-	(42,656)	-	-	(42,656)
Sale of Notes	-	-	-	120,000	-	-	120,000
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,344</u>	<u>42,656</u>	<u>-</u>	<u>120,000</u>
<i>Net Change in Fund Balances</i>	<u>42,137</u>	<u>(67,709)</u>	<u>44,895</u>	<u>226,976</u>	<u>-</u>	<u>(10,829)</u>	<u>235,470</u>
<i>Fund Balances Beginning of Year</i>	<u>436,838</u>	<u>221,473</u>	<u>241,674</u>	<u>451,797</u>	<u>-</u>	<u>84,259</u>	<u>1,436,041</u>
<i>Fund Balances End of Year</i>	<u>\$ 478,975</u>	<u>\$ 153,764</u>	<u>\$ 286,569</u>	<u>\$ 678,773</u>	<u>\$ -</u>	<u>\$ 73,430</u>	<u>\$ 1,671,511</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 82,000	\$ 82,000	\$ 83,894	\$ 1,894
Licenses, Permits and Fees	-	-	4,172	4,172
Intergovernmental	-	-	89,640	89,640
Earnings on Investments	-	-	7,506	7,506
Miscellaneous	-	-	20,241	20,241
<i>Total Receipts</i>	<u>82,000</u>	<u>82,000</u>	<u>205,453</u>	<u>123,453</u>
Disbursements				
Current:				
General Government	155,600	161,435	139,476	21,959
Public Safety	13,500	9,865	1,834	8,031
Public Works	700	700	500	200
Health	13,200	22,200	21,506	694
Capital Outlay	4,000	4,000	-	4,000
<i>Total Disbursements</i>	<u>187,000</u>	<u>198,200</u>	<u>163,316</u>	<u>34,884</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(105,000)</u>	<u>(116,200)</u>	<u>42,137</u>	<u>158,337</u>
Other Financing Sources (Uses)				
Other Financing Sources	8	8	-	(8)
<i>Total Other Financing Sources (Uses)</i>	<u>8</u>	<u>8</u>	<u>-</u>	<u>(8)</u>
<i>Net Change in Fund Balance</i>	(104,992)	(116,192)	42,137	158,329
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>436,838</u>	<u>436,838</u>	<u>436,838</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 331,846</u>	<u>\$ 320,646</u>	<u>\$ 478,975</u>	<u>\$ 158,329</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 83,275	\$ 43,275
Earnings on Investments	-	-	1,602	1,602
<i>Total Receipts</i>	<u>40,000</u>	<u>40,000</u>	<u>84,877</u>	<u>44,877</u>
Disbursements				
Current:				
Public Works	<u>128,544</u>	<u>154,544</u>	<u>152,586</u>	<u>1,958</u>
<i>Total Disbursements</i>	<u>128,544</u>	<u>154,544</u>	<u>152,586</u>	<u>1,958</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(88,544)</u>	<u>(114,544)</u>	<u>(67,709)</u>	<u>46,835</u>
<i>Net Change in Fund Balance</i>	(88,544)	(114,544)	(67,709)	46,835
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>221,473</u>	<u>221,473</u>	<u>221,473</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 132,929</u>	<u>\$ 106,929</u>	<u>\$ 153,764</u>	<u>\$ 46,835</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 109,000	\$ 109,000	\$ 122,529	\$ 13,529
Intergovernmental	3,216	3,216	16,903	13,687
Miscellaneous	-	-	5,169	5,169
<i>Total Receipts</i>	<u>112,216</u>	<u>112,216</u>	<u>144,601</u>	<u>32,385</u>
Disbursements				
Current:				
Public Works	104,442	114,942	99,168	15,774
Capital Outlay	<u>8,240</u>	<u>7,740</u>	<u>538</u>	<u>7,202</u>
<i>Total Disbursements</i>	<u>112,682</u>	<u>122,682</u>	<u>99,706</u>	<u>22,976</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(466)</u>	<u>(10,466)</u>	<u>44,895</u>	<u>55,361</u>
<i>Net Change in Fund Balance</i>	(466)	(10,466)	44,895	55,361
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>241,674</u>	<u>241,674</u>	<u>241,674</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 241,208</u>	<u>\$ 231,208</u>	<u>\$ 286,569</u>	<u>\$ 55,361</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 686,000	\$ 686,000	\$ 720,008	\$ 34,008
Charges for Services	650,000	650,000	853,593	203,593
Intergovernmental	-	-	101,412	101,412
Miscellaneous	-	-	10,423	10,423
<i>Total Receipts</i>	<u>1,336,000</u>	<u>1,336,000</u>	<u>1,685,436</u>	<u>349,436</u>
Disbursements				
Current:				
Public Safety	1,331,800	1,357,437	1,335,900	21,537
Capital Outlay	85,000	205,363	199,904	5,459
<i>Total Disbursements</i>	<u>1,416,800</u>	<u>1,562,800</u>	<u>1,535,804</u>	<u>26,996</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(80,800)</u>	<u>(226,800)</u>	<u>149,632</u>	<u>376,432</u>
Other Financing Sources (Uses)				
Sale of Notes	-	-	120,000	120,000
Transfers Out	(42,656)	(42,656)	(42,656)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(42,656)</u>	<u>(42,656)</u>	<u>77,344</u>	<u>120,000</u>
<i>Net Change in Fund Balance</i>	(123,456)	(269,456)	226,976	496,432
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>451,797</u>	<u>451,797</u>	<u>451,797</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 328,341</u>	<u>\$ 182,341</u>	<u>\$ 678,773</u>	<u>\$ 496,432</u>

See accompanying notes to the basic financial statements

HARRISON TOWNSHIP
PICKAWAY COUNTY

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 954,303
Investments	481,738
<i>Total Assets</i>	<u>1,436,041</u>
Net Assets	
Restricted for:	
Other Purposes	999,203
Unrestricted	436,838
<i>Total Net Assets</i>	<u>\$ 1,436,041</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Total
Governmental Activities				
Current:				
General Government	\$ 140,069	\$ -	\$ -	\$ (140,069)
Public Safety	1,308,997	371,259	-	(937,738)
Public Works	180,612	-	100,891	(79,721)
Health	66,166	293,045	-	226,879
Other	-	23,707	79,804	103,511
Capital Outlay	67,469	-	-	(67,469)
Debt Service:				
Principal Retirement	65,000	-	-	(65,000)
Interest and Fiscal Charges	9,861	-	-	(9,861)
<i>Total Governmental Activities</i>	1,838,174	688,011	180,695	(969,468)
General Receipts:				
Property Taxes Levied for:				
General Purposes				900,699
Grants and Entitlements not Restricted to Specific Programs				418,866
Earnings on Investments				8,406
Miscellaneous				31,169
Total General Receipts				1,359,140
<i>Change in Net Assets</i>				389,672
<i>Net Assets Beginning of Year</i>				1,046,369
<i>Net Assets End of Year</i>				\$ 1,436,041

See accompanying notes to the basic financial statements

HARRISON TOWNSHIP
PICKAWAY COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Gasoline Tax	Road Bridge	Fire	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 129,737	\$ 151,836	\$ 161,674	\$ 451,797	\$ -	\$ 59,259	\$ 954,303
Investments	307,101	69,637	80,000	-	-	25,000	481,738
<i>Total Assets</i>	<u>436,838</u>	<u>221,473</u>	<u>241,674</u>	<u>451,797</u>	<u>-</u>	<u>84,259</u>	<u>1,436,041</u>
Fund Balances							
Restricted	-	221,473	241,674	451,797	-	84,259	999,203
Unassigned	436,838	-	-	-	-	-	436,838
<i>Total Fund Balances</i>	<u>\$ 436,838</u>	<u>\$ 221,473</u>	<u>\$ 241,674</u>	<u>\$ 451,797</u>	<u>\$ -</u>	<u>\$ 84,259</u>	<u>\$ 1,436,041</u>

See accompanying notes to the basic financial statements

HARRISON TOWNSHIP
PICKAWAY COUNTY

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Gasoline Tax	Road & Bridge	Fire	Debt Service	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 82,165	\$ -	\$ 117,599	\$ 700,935	\$ -	\$ -	\$ 900,699
Charges for Services	-	-	-	642,104	-	-	642,104
Licenses, Permits and Fees	3,357	-	-	-	-	42,550	45,907
Intergovernmental	335,387	87,889	25,690	130,233	-	13,073	592,272
Earnings on Investments	6,556	1,813	-	-	-	37	8,406
Miscellaneous	182	-	284	37,992	-	-	38,458
<i>Total Receipts</i>	<u>427,647</u>	<u>89,702</u>	<u>143,573</u>	<u>1,511,264</u>	<u>-</u>	<u>55,660</u>	<u>2,227,846</u>
Disbursements							
Current:							
General Government	140,069	-	-	-	-	-	140,069
Public Safety	11,700	-	-	1,297,297	-	-	1,308,997
Public Works	500	86,157	93,955	-	-	-	180,612
Health	13,175	-	-	-	-	52,991	66,166
Capital Outlay	6,193	-	2,512	55,764	-	3,000	67,469
Debt Service:							
Principal Retirement	-	-	-	-	65,000	-	65,000
Interest and Fiscal Charges	-	-	-	-	9,861	-	9,861
<i>Total Disbursements</i>	<u>171,637</u>	<u>86,157</u>	<u>96,467</u>	<u>1,353,061</u>	<u>74,861</u>	<u>55,991</u>	<u>1,838,174</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>256,010</u>	<u>3,545</u>	<u>47,106</u>	<u>158,203</u>	<u>(74,861)</u>	<u>(331)</u>	<u>389,672</u>
Other Financing Sources (Uses)							
Transfers In	-	-	-	-	74,588	-	74,588
Transfers Out	-	-	-	(74,588)	-	-	(74,588)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,588)</u>	<u>74,588</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>256,010</u>	<u>3,545</u>	<u>47,106</u>	<u>83,615</u>	<u>(273)</u>	<u>(331)</u>	<u>389,672</u>
<i>Fund Balances Beginning of Year</i>	<u>180,828</u>	<u>217,928</u>	<u>194,568</u>	<u>368,182</u>	<u>273</u>	<u>84,590</u>	<u>1,046,369</u>
<i>Fund Balances End of Year</i>	<u>\$ 436,838</u>	<u>\$ 221,473</u>	<u>\$ 241,674</u>	<u>\$ 451,797</u>	<u>\$ -</u>	<u>\$ 84,259</u>	<u>\$ 1,436,041</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 82,000	\$ 82,000	\$ 82,165	\$ 165
Licenses, Permits and Fees	-	-	3,357	3,357
Intergovernmental	-	-	335,387	335,387
Earnings on Investments	-	-	6,556	6,556
Miscellaneous	-	-	182	182
<i>Total Receipts</i>	<u>82,000</u>	<u>82,000</u>	<u>427,647</u>	<u>345,647</u>
Disbursements				
Current:				
General Government	138,750	154,300	140,069	14,231
Public Safety	2,000	14,500	11,700	2,800
Public Works	8,000	700	500	200
Health	15,000	13,200	13,175	25
Capital Outlay	5,000	6,200	6,193	7
<i>Total Disbursements</i>	<u>168,750</u>	<u>188,900</u>	<u>171,637</u>	<u>17,263</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(86,750)</u>	<u>(106,900)</u>	<u>256,010</u>	<u>362,910</u>
Other Financing Sources (Uses)				
Other Financing Sources	-	300,000	-	(300,000)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>
<i>Net Change in Fund Balance</i>	<u>(86,750)</u>	<u>193,100</u>	<u>256,010</u>	<u>62,910</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>180,828</u>	<u>180,828</u>	<u>180,828</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 94,078</u>	<u>\$ 373,928</u>	<u>\$ 436,838</u>	<u>\$ 62,910</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 11,250	\$ 11,250	\$ 87,889	\$ 76,639
Earnings on Investments	-	-	1,813	1,813
<i>Total Receipts</i>	<u>11,250</u>	<u>11,250</u>	<u>89,702</u>	<u>78,452</u>
Disbursements				
Current:				
Public Works	<u>124,800</u>	<u>124,800</u>	<u>86,157</u>	<u>38,643</u>
<i>Total Disbursements</i>	<u>124,800</u>	<u>124,800</u>	<u>86,157</u>	<u>38,643</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(113,550)</u>	<u>(113,550)</u>	<u>3,545</u>	<u>117,095</u>
<i>Net Change in Fund Balance</i>	(113,550)	(113,550)	3,545	117,095
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>217,928</u>	<u>217,928</u>	<u>217,928</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 104,378</u>	<u>\$ 104,378</u>	<u>\$ 221,473</u>	<u>\$ 117,095</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 111,122	\$ 108,000	\$ 117,599	\$ 9,599
Intergovernmental	-	3,122	25,690	22,568
Miscellaneous	-	-	284	284
<i>Total Receipts</i>	<u>111,122</u>	<u>111,122</u>	<u>143,573</u>	<u>32,451</u>
Disbursements				
Current:				
Public Works	101,400	101,400	93,955	7,445
Capital Outlay	<u>8,000</u>	<u>8,000</u>	<u>2,512</u>	<u>5,488</u>
<i>Total Disbursements</i>	<u>109,400</u>	<u>109,400</u>	<u>96,467</u>	<u>12,933</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,722</u>	<u>1,722</u>	<u>47,106</u>	<u>45,384</u>
<i>Net Change in Fund Balance</i>	1,722	1,722	47,106	45,384
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>194,568</u>	<u>194,568</u>	<u>194,568</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 196,290</u>	<u>\$ 196,290</u>	<u>\$ 241,674</u>	<u>\$ 45,384</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 1,409,000	\$ 685,000	\$ 700,935	\$ 15,935
Charges for Services	-	664,000	642,104	(21,896)
Intergovernmental	-	60,000	130,233	70,233
Miscellaneous	-	29,000	37,992	8,992
<i>Total Receipts</i>	<u>1,409,000</u>	<u>1,438,000</u>	<u>1,511,264</u>	<u>73,264</u>
Disbursements				
Current:				
Public Safety	1,321,000	1,363,470	1,297,297	66,173
Capital Outlay	50,000	71,625	55,764	15,861
<i>Total Disbursements</i>	<u>1,371,000</u>	<u>1,435,095</u>	<u>1,353,061</u>	<u>82,034</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>38,000</u>	<u>2,905</u>	<u>158,203</u>	<u>155,298</u>
Other Financing Sources (Uses)				
Transfers Out	(75,000)	(74,905)	(74,588)	317
<i>Total Other Financing Sources (Uses)</i>	<u>(75,000)</u>	<u>(74,905)</u>	<u>(74,588)</u>	<u>317</u>
<i>Net Change in Fund Balance</i>	<u>(37,000)</u>	<u>(72,000)</u>	<u>83,615</u>	<u>155,615</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>368,182</u>	<u>368,182</u>	<u>368,182</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 331,182</u>	<u>\$ 296,182</u>	<u>\$ 451,797</u>	<u>\$ 155,615</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 1 – Reporting Entity

Harrison Township, Pickaway County, Ohio (the Township), is a body politic and corporate 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, component units 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 government services, maintenance of Township roads and bridges, fire & emergency medical services and cemetery maintenance. Police protection is provided by the Pickaway County Sheriff's office.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the *modified* cash basis of accounting, the Township does not report assets for equity interests in joint ventures. The Township participates in two joint ventures and one public entity risk pool. Note 13 to the financial statements provides additional information for joint ventures and Note 7 provides additional information on the public entity risk pool. These organizations are:

Joint Ventures:

North Gate Alliance Cooperative Economic Development Agreement (CEDA) – The Harrison Township Board of Trustees approved an agreement with the Board of County Commissioners, Pickaway County, Ohio ("County"), the Village of Ashville, Ohio ("Ashville"), and the Village of South Bloomfield, Ohio, ("South Bloomfield") to cooperate in creating and preserving jobs and employment opportunities and to cooperate in inducing and fostering economic development.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 1 – Reporting Entity (continued)

Northern Pickaway County Joint Economic Development District (JEDD) - The Harrison Township Board of Trustees approved the formation of this district with the City of Columbus (“Columbus”) and the Village of Ashville (“Ashville”). The parties have entered into a contract to create and provide for the operation of the JEDD in accordance with Sections 715.72 through 715.83 of the Revised Code. The purpose of the JEDD is to facilitate economic development, to create or preserve jobs and employment opportunities, and to improve the economic welfare of the people in the State of Ohio, Pickaway County, Columbus, Ashville, and Harrison Township.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority – This risk-sharing pool, available to Ohio Townships provides property and casualty insurance for its members.

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 2.C, these financial statements are presented on a *modified* cash basis of accounting. This *modified* 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 *modified* 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 *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township’s accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net assets presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include 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 is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified 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. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are classified as governmental funds.

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 as follows:

General Fund – 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.

Gasoline Tax Fund – receives gasoline tax money to finance constructing, maintaining and repairing Township roads.

Road and Bridge Fund – receives property and other local taxes for constructing, maintaining, and repairing Township roads and bridges.

Fire District Fund – receives tax proceeds and charges for services to fund the Township's fire department.

Debt Service Fund – receives transfers from other funds to pay debt service expenditures.

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

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, 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 modified 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 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.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations 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

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.

During 2011 and 2010, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments (continued)

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 2011 were \$7,506 and during 2010 the Township received \$6,556.

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.

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.

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. 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 *modified* cash basis of accounting.

J. 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 for postretirement healthcare benefits.

K. Long-Term Obligations

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

L. 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 maintenance of roads and fire equipment & 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.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Change in Accounting Principle

For 2011 and 2010, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

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 Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, the Gas Tax Fund, the Road & Bridge fund and the Fire Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

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.

Deposits

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, 2011, \$951,839 of the Township's bank balance of \$1,201,839 was exposed to custodial credit risk while at December 31, 2010, \$717,590 of the Township's bank balance of \$967,590 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 one hundred five percent of the deposits being secured.

Investments

As of December 31, 2011, the Township had the following investments:

Certificates of Deposit	Carrying Value	Maturity
General Fund	\$ 166,055	12 months
General Fund	140,940	24 months
General Fund	5,488	36 months
Gasoline Tax	47,092	12 months
Gasoline Tax	23,926	60 months
Road & Bridge Fund	50,000	24 months
Road & Bridge Fund	30,000	36 months
Cemetery Fund	25,000	24 months
Total	\$ 488,501	

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 5 - Deposits and Investments (continued)

As of December 31, 2010, the Township had the following investments:

Certificates of Deposit	Carrying Value	Maturity
General Fund	\$ 163,640	12 months
General Fund	138,639	24 months
General Fund	4,822	36 months
Gasoline Tax	46,232	12 months
Gasoline Tax	23,405	60 months
Road & Bridge Fund	50,000	24 months
Road & Bridge Fund	30,000	36 months
Cemetery Fund	25,000	24 months
Total	\$ 481,738	

The Certificates Of Deposit are investments made from monies in specific funds.

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 2011 and 2010 for real and public utility property taxes represents collections of the 2010 and 2009 taxes.

2011 and 2010 real property taxes are levied after October 1, 2011 and October 1, 2010 on the assessed values as of January 1, 2011 and January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2011 and 2010 real property taxes are collected in and intended to finance 2012 and 2011.

Real property taxes are payable annually or semi-annually. 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. 2011 and 2010 public utility property taxes which became a lien on December 31, 2010 and December 31, 2009, are levied after October 1, 2011 and October 1, 2010, and are collected in 2011 and 2010 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2011, was \$8.40 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2011 property tax receipts were based are as follows:

Real Property	\$ 26,717,010
Public Utility Property	31,514,400
Tangible Personal Property	-
Total Assessed Values	\$ 58,231,410

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 6 – Property Taxes (continued)

The full tax rate for all Township operations for the year ended December 31, 2010, was \$8.40 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2010 property tax receipts were based are as follows:

Real Property	\$	24,308,070
Public Utility Property		33,128,370
Tangible Personal Property		100,790
Total Assessed Values	\$	57,537,230

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 the taxes collected.

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

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 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, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$35,086,165	\$35,855,252
Liabilities	(9,718,792)	(10,664,724)
Net Assets	<u>\$25,367,373</u>	<u>\$25,190,528</u>

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 7 – Risk Management (continued)

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$13,371.

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.

<u>Contributions to OTARMA</u>	
<u>2011</u>	<u>2010</u>
\$21,163	\$18,069

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.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

Plan Description – The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 8 – Defined Benefit Pension Plan (continued)

A. Ohio Public Employees Retirement System (continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for local employer units and 18.1 percent of covered payroll public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the local divisions and 12 percent for public safety members. For the year ended December 31, 2010, members in the local divisions contributed 10 percent of covered payroll while public safety members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, the public safety division exists only within the Traditional Pension Plan. For 2011 and 2010, member and employer contribution rates were consistent across all three plans.

The Township's 2011 and 2010 contribution rate was 14.0 percent, except for those plan members public safety, for whom the Township's contribution was 24.0 percent and 17.87 percent of covered payroll, for 2011 and 2010, respectively.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$17,244, \$18,486, and \$20,869, respectively; 100 percent has been contributed for 2011, 2010 and 2009.

B. Ohio Police and Fire Pension Fund

Plan Description - The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 17.25 percent of covered payroll for firefighters. The Township's contributions to OP&F for firefighters pension were \$144,871 for the year ended December 31, 2011, \$141,819 for the year ended December 31, 2010 and \$114,419 for the year ended December 31, 2009. The full amount has been contributed for 2011, 2010 and 2009.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011 and 2010, local employers contributed at a rate of 14.0 percent of covered payroll, and public safety employers contributed at 18.1 percent in 2011 and 17.87 percent in 2010. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for local employer units and 18.1 percent of covered payroll for public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2011, 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for calendar year 2011, 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$4,926, \$6,650, and \$8,614, respectively; 100 percent has been contributed for 2011, 2010 and 2009.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 9 - Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by PF&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority of the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5146.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24.0 percent of covered payroll for fire employers. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 9 - Postemployment Benefits (continued)

B. Ohio Police and Fire Pension Fund (continued)

The Township's contributions to OP&F which were allocated to fund post-employment health care benefits for firefighters were \$40,681 for the year ended December 31, 2011, \$40,784 for the year ended December 31, 2010, and \$34,287 for the year ended December 31, 2009. The full amount has been contributed for 2011, 2010 and 2009.

Note 10 - Notes Payable

A summary of the note transactions for the years ended December 31, 2011 and 2010 follows:

	Balance			Balance		
	December 31,			December 31,		
	2010	Additions	Reductions	2011		
2008 Fire Truck Note (4.375%)	\$ 175,000	\$ -	\$ 35,000	\$ 140,000		
2011 Ford 457 -1CT Ambulance (3.3%)	-	120,000	-	120,000		
	<u>\$ 175,000</u>	<u>\$120,000</u>	<u>\$ 35,000</u>	<u>\$ 260,000</u>		

	Balance			Balance		
	December 31,			December 31,		
	2009	Additions	Reductions	2010		
2007 Medic Note (4.49%)	\$ 30,000	\$ -	\$ 30,000	\$ -		
2008 Fire Truck Note (4.375%)	210,000	-	35,000	175,000		
	<u>\$ 240,000</u>	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ 175,000</u>		

In 2007, the Township issued \$90,000 of general obligation notes to finance the purchase of a new ambulance. The note was paid off in 2010. In 2008, the Township issued \$245,000 of general obligation notes to finance the purchase of a fire truck. In 2011, the Township issued \$120,000 of Revenue Anticipation notes to finance the purchase of a new ambulance. In both instances the notes were issued through a local bank. Debt principal payments and interest are payable annually and semi-annually, respectively, for the 2008 issuance. Both debt principal payments and interest are payable annually for the 2011 issuance. Debt is paid from the Township's debt service fund.

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

Year Ending	Ford Ambulance		Fire Truck Note	
	Principal	Interest	Principal	Interest
December 31:				
2012	\$ 30,000	\$ 2,518	\$ 35,000	\$ 6,125
2013	30,000	2,518	35,000	4,594
2014	30,000	2,518	35,000	3,063
2015	30,000	2,518	35,000	1,531
Total	<u>\$ 120,000</u>	<u>\$ 10,072</u>	<u>\$ 140,000</u>	<u>\$ 15,313</u>

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 11 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances 2011	General	Gas Tax	Road and Bridge	Fire	Debt Service	Other Governmental Funds	Total
Restricted for							
Road and Bridge Maintenance and Improvements	\$ -	\$ 153,764	\$ 286,569	\$ -	\$ -	\$ 42,425	\$ 482,758
Fire Operations	-	-	-	678,773	-	-	678,773
Cemetery	-	-	-	-	-	31,005	31,005
<i>Total Restricted</i>	-	153,764	286,569	678,773	-	73,430	1,192,536
Unassigned	478,975	-	-	-	-	-	478,975
<i>Total Fund Balances</i>	\$ 478,975	\$ 153,764	\$ 286,569	\$ 678,773	\$ -	\$ 73,430	\$ 1,671,511

Fund Balances 2010	General	Gas Tax	Road and Bridge	Fire	Debt Service	Other Governmental Funds	Total
Restricted for							
Road and Bridge Maintenance and Improvements	\$ -	\$ 221,473	\$ 241,674	\$ -	\$ -	\$ 44,018	\$ 507,165
Fire Operations	-	-	-	451,797	-	-	451,797
Cemetery	-	-	-	-	-	40,241	40,241
<i>Total Restricted</i>	-	221,473	241,674	451,797	-	84,259	999,203
Unassigned	436,838	-	-	-	-	-	436,838
<i>Total Fund Balances</i>	\$ 436,838	\$ 221,473	\$ 241,674	\$ 451,797	\$ -	\$ 84,259	\$ 1,436,041

Note 12 – Interfund Transfers

During 2011 and 2010, the Fire Fund transferred \$42,656 and \$74,588, respectively, to the Debt Service Fund to pay debt service expenditures related to the Township's outstanding notes payable.

Note 13 – Joint Ventures

North Gate Alliance Cooperative Economic Development Agreement (CEDA) - The CEDA, which was passed by a Resolution dated 12/6/04, was created for the contracting parties to cooperate in creating and preserving jobs and employment opportunities and to cooperate in inducing and fostering economic development in the northern portion of the county. The CEDA agreement addresses the issues of utility services, annexation, road maintenance, fire and emergency service, and joint planning in the CEDA area, which includes all of unincorporated Harrison Township. The North Gate Alliance CEDA also provides for the sharing of income tax on any new businesses locating in the agreement area.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 13 – Joint Ventures (continued)

Northern Pickaway County Joint Economic Development District (JEDD) - The JEDD, which was passed by Resolution #06-32 dated 06/19/2006, was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Pickaway County, Columbus, Ashville, the Township and the District. The contracting parties have previously contributed an aggregate amount of \$18,468 to pay initial formation, administration and other costs related to the District. The Township contributed \$3,294 of the initial costs in 2006. A Board of Directors has been established, which includes one member representing Columbus; one representing the Township; and one member selected by the two members described above. As businesses locate in the JEDD, one representative from a company within the JEDD will be on the board and one representative from workers in the JEDD will be on the board. The Board shall adopt bylaws and procedures for the regulations of the affairs of the Board and the conduct of business of the Board consistent with the Contract including the election of Board officers, the holdings and conducting of regular and special meetings, obtaining fiduciary bonds in connection with the Board's duties, the appropriations procedures to provide for payment of the expenses of the District and distribution of income tax revenues pursuant to the Contract, and the purchasing of goods and services and the making of capital improvements. The District's fiscal year shall be the calendar year. The Board shall adopt an annual budget for the District.

Overriding the JEDD agreement is an Annexation Moratorium Agreement (the "Agreement") dated August 30, 2007 by and among the City of Columbus, Ohio ("Columbus"), the Village of Ashville, Ohio ("Ashville"), the Village of South Bloomfield, Ohio ("South Bloomfield"), and the Township. This agreement established a 50-year moratorium on annexation of an area of land bounded by the Harrison Township line in the east, the Scioto River in the west and Duvall Road in the south by any of the municipalities that are a party to the agreement.

Note 14 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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
Pickaway County
P.O. Box 290
Ashville, Ohio 43103

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, Pickaway County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 10, 2012, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles and the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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.

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

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

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199

www.ohioauditor.gov

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 10, 2012.

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

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

Dave Yost
Auditor of State

August 10, 2012

**HARRISON TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code 505.24(C) - Trustee Compensation Documentation	Yes	
2009-002	Financial Reporting	Yes	

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Dave Yost • Auditor of State

HARRISON TOWNSHIP

PICKAWAY 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
NOVEMBER 8, 2012