

HARRISON TOWNSHIP

DAYTON REGION, MONTGOMERY COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 – 2007



Mary Taylor, CPA
Auditor of State

Board of Trustees
Harrison Township
5945 North Dixie Drive
Dayton, Ohio 45414

We have reviewed the *Report of Independent Auditors'* of Harrison Township, Montgomery County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 22, 2009

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MONTGOMERY COUNTY**

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MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT

Harrison Township
Montgomery County
5954 North Dixie Drive
Dayton, Ohio 45414

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, Montgomery County, Ohio, (the Township), as of and for the years ended December 31, 2008 and 2007, 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 an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Harrison Township, Montgomery County, Ohio, as of December 31, 2008 and 2007, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Police District, Fire District, and Road and Bridge funds, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2007, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. See Note 3 Change in basis of accounting and restatement of fund equity.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2009, 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 grants 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 be read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basis financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquires of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 18, 2009

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Harrison Township
Montgomery County

Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

This discussion and analysis of the Harrison Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2008 and 2007, within the limitations of the Township's cash basis 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 2008 are as follows:

Net assets of township activities decreased \$1,697,270, or 12.3 percent, a significant change from the prior year. The fund most affected by the decrease was the Capital Projects Fund due to the retiring of the Fire Bond in 2008.

The Township's general receipts are primarily property, intergovernmental, and earnings on investments. These receipts represent \$8,536,353 or 69 percent of the total cash received for governmental activities during the year. Property tax receipts for 2008 decreased compared to 2007 due to the economic downturn and foreclosure rates. Total receipts decreased \$2,250,018; of which \$2,000,000 was due to issuance of bond in 2007.

During 2008 all development plans were put on hold again due to the economy.

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$1,141,290, or 9.02 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Fire Fund which realized the most increase due to a fire levy which passed in 2006.

The Township's general receipts are primarily property, intergovernmental, and earnings on investments. The Township also had a bond issuance of \$2,000,000. These receipts represent \$9,110,371 or 63 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 increased compared to 2006 due to the passing of the fire levy. Property tax receipts have also increased due to County Treasurer's program of collecting delinquent taxes and assessments.

During 2007 plans were drawn up with developers to build up the 95 acre tract of land within the Township. Due to economic conditions it was deemed advisable not to spend monies on economic development at this time. This project will be considered for future years.

Harrison Township
Montgomery County

Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

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 Government's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Government as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government 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.

Basis of Accounting

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

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

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2008 and 2007, within the limitations of 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 activity draws from the Township's general receipts.

Harrison Township
Montgomery County

Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

Reporting the Government as a Whole, continued

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

In the statement of net assets and the statement of activities, the Township has one type of activity:

Governmental Activities. 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 Government'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. All of the Township's activities are reported as governmental funds.

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 for 2008 and 2007, are the General, Road and Bridge, Police District, Fire District and Capital Project funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Harrison Township
Montgomery County

Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

The Government as a Whole

Table 1 provides a summary of the Government's net assets for 2008 compared to 2007 on a cash basis: Since the Township did not prepare financial statements in this format for 2006, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 1)
Net Assets

	Governmental Activities	
	2008	2007
Assets		
Cash and Cash Equivalents	\$12,096,460	\$13,793,730
Total Assets	<u>\$12,096,460</u>	<u>\$13,793,730</u>
Net Assets		
Restricted for:		
Other Purposes	6,904,945	8,838,431
Unrestricted	<u>5,191,515</u>	<u>4,955,299</u>
Total Net Assets	<u>\$12,096,460</u>	<u>\$13,793,730</u>

As mentioned previously, net assets of governmental activities decreased \$1,697,270 or approximately 12.3 percent during 2008. The primary reasons for the decrease are as follows:

- Reduction in property tax collections
- Retiring of the Fire Bond in the amount of \$2,000,000

In 2007, net assets of governmental activities increased by \$1,141,290. or 9.02 percent. The primary reasons for the increase are as follows:

- Passing of 6.75 mil. Fire and EMS Levy in 2006
- Collection of delinquent taxes and assessments through the County Auditor.

Harrison Township
Montgomery County

Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

The Government as a Whole, continued

Table 2 reflects the changes in net assets in 2008 and 2007. Since the Township did not prepare financial statements in this format for 2006, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

	Governmental Activities	
	2008	2007
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$2,271,084	\$2,160,894
Operating Grants and Contributions	995,703	805,458
Total Program Receipts	<u>3,266,787</u>	<u>2,966,352</u>
General Receipts:		
Property and Other Local Taxes	7,051,525	7,532,157
Grants and Entitlements Not Restricted to Specific Programs	655,711	881,536
Cable Franchise Fees	128,660	127,388
Sale of Bonds	0	2,000,000
Sale of Fixed Assets	11,327	77,793
Earnings on Investments	829,117	696,678
Miscellaneous	327,327	238,568
Total General Receipts	<u>9,003,667</u>	<u>11,554,120</u>
Total Receipts	<u>12,270,454</u>	<u>14,520,472</u>
Disbursements:		
General Government	1,536,462	1,392,680
Public Safety	6,739,984	6,406,795
Public Works	2,612,991	2,298,578
Health	5,924	4,039
Conservation - Recreation	92,985	93,314
Other	41,163	41,946
Capital Outlay	861,429	597,767
Principal Retirement	2,000,000	2,450,000
Interest and Fiscal Charges	76,786	94,063
Total Disbursements	<u>13,967,724</u>	<u>13,379,182</u>
Increase (Decrease) in Net Assets	(1,697,270)	1,141,290
Net Assets, January 31	13,793,730	12,652,440
Net Assets, December 31	<u>\$12,096,460</u>	<u>\$13,793,730</u>

Harrison Township
Montgomery County

Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

The Government as a Whole, continued

Program receipts represent 26.6 and 20.4 percent of total receipts for 2008 and 2007, respectively and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, EMS collections, waste disposal collections, zoning permits, and miscellaneous fines and fees.

General receipts in the governmental activities represent 73.4 and 79.6 percent of the Township's total receipts for 2008 and 2007, respectively. Property taxes represent 78 and 65 percent for 2008 and 2007, respectively. State and federal grants and entitlements, earnings on investments and cable franchise fees represent 18 and 14.7 percent for 2008 and 2007, respectively. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Government and the support services provided for the other Government activities. These include the costs of board members and fiscal officer, attorney fees, tax collection fees, payroll, capital improvements, and finally transfers supporting other funds as needed

Security of Persons and Property are the costs of police and fire protection; Public Works are the costs of maintaining the roads and bridges and garbage removal; capital outlay is various capital projects. Conservation – Recreation is the costs associated with maintaining the parks and playing fields.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Government. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works, which account for 48 and 48 percent and 18 and 18 percent of all governmental disbursements for 2008 and 2007, respectively. General government also represents significant costs at about 11 and 10 percent in 2008 and 2007, respectively. In 2008, capital outlay also represents a significant portion of total disbursements at 6 percent. 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 Government 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.

Harrison Township
Montgomery County

Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

The Government as a Whole, continued

(Table 3)

Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$1,536,462	\$1,498,970	\$1,392,680	\$1,340,986
Public Safety	\$6,739,984	\$5,131,398	\$6,406,795	\$5,086,700
Public Works	2,612,991	992,282	2,298,578	704,015
Health	5,924	5,924	4,039	4,039
Conservation - Recreation	92,985	92,985	93,314	93,314
Other	41,163	41,163	41,946	41,946
Capital Outlay	861,429	861,429	597,767	597,767
Debt Service:				
Principal Retirement	2,000,000	2,000,000	2,450,000	2,450,000
Interest and Fiscal Charges	76,786	76,786	94,063	94,063
Total Expenses	\$13,967,724	\$10,700,937	\$13,379,182	\$10,412,830

The dependence upon property tax receipts is apparent as approximately 77 percent of governmental activities are supported through these general receipts in both 2008 and 2007.

The Government's Funds

Total governmental funds had receipts of \$12,270,454 and \$14,520,472 and disbursements of \$13,967,724 and \$13,379,182 in 2008 and 2007, respectively. General Fund receipts were greater than disbursements by \$236,216 and \$494,060 in 2008 and 2007, respectively, indicating that the General Fund is in a positive spending situation. In 2008, the greatest change occurred in the Capital Projects fund by a decrease of \$1,913,471 due to debt retirement.

General Fund Budgeting Highlights

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

During 2008 and 2007, the Township's Revenue Budget and Permanent Appropriation were amended to reflect changing circumstances. Actual receipts exceeded budgeted during 2008 and 2007 due to conservative estimates.

In 2008, final disbursements were budgeted at \$4,544,236 while actual disbursements were \$1,859,835. In 2007, final disbursements were budgeted at \$4,326,023 while actual disbursements were \$1,587,482.

Harrison Township
Montgomery County

Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

Capital Assets and Debt Administration

Capital Assets

The Township currently keeps track of its newly purchased capital assets by reporting it to our insurance company yearly.

Debt

At December 31, 2008, the Township had no outstanding debt.

Current Issues

The challenge for all Township's 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. All departments have been asked to prepare a report for review to address both short and long term budget issues.

Contacting the Government'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 Deborah Merrick, Fiscal Officer, Harrison Township, 5945 N. Dixie Dr., Dayton, Ohio 45414.

**Harrison Township
Montgomery County**

Statement of Net Assets - Cash Basis
December 31, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>12,096,460</u>
Total Assets	\$ <u><u>12,096,460</u></u>
 Net Assets	
Restricted For:	
Other Purposes	\$ 6,904,945
Unrestricted	<u>5,191,515</u>
Total Net Assets	\$ <u><u>12,096,460</u></u>

See accompanying notes to the basic financial statements

Harrison Township
Montgomery County

Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 1,536,462	\$ 37,492	\$ 0	\$ (1,498,970)
Public Safety	6,739,984	965,857	642,729	(5,131,398)
Public Works	2,612,991	1,267,735	352,974	(992,282)
Health	5,924			(5,924)
Conservation - Recreation	92,985			(92,985)
Capital Outlay	861,429	0	0	(861,429)
Other	41,163	0	0	(41,163)
Debt Service:				
Principal	2,000,000		0	(2,000,000)
Interest	76,786	0	0	(76,786)
Total Governmental Activities	\$ 13,967,724	\$ 2,271,084	\$ 995,703	\$ (10,700,937)
General Receipts				
Property and Other Taxes				\$ 7,051,525
Grants and Entitlements not Restricted				655,711
Earnings on Investments				829,117
Cable Franchise Fees				128,660
Sale of Fixed Assets				11,327
Miscellaneous				327,327
Total General Receipts				\$ 9,003,667
Change in Net Assets				\$ (1,697,270)
Net Assets Beginning of Year				\$ 13,793,730
Net Assets End of Year				\$ 12,096,460

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 5,191,515	\$ 629,237	\$ 2,224,392	\$ 2,109,391	\$ 0	\$ 1,941,925	\$ 12,096,460
Total Assets	\$ 5,191,515	\$ 629,237	\$ 2,224,392	\$ 2,109,391	\$ 0	\$ 1,941,925	\$ 12,096,460
Fund Balances							
Unreserved, undesignated, reported in:							
General Fund	\$ 5,191,515	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,191,515
Special Revenue Funds	0	629,237	2,224,392	2,109,391	0	1,304,758	6,267,778
Capital Projects	0	0	0	0	0	3,886	3,886
Debt Service	0	0	0	0	0	633,281	633,281
Total Fund Balances	\$ 5,191,515	\$ 629,237	\$ 2,224,392	\$ 2,109,391	\$ 0	\$ 1,941,925	\$ 12,096,460

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Road and Bridge	Police District	Fire District	Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 247,733	\$ 1,219,478	\$ 3,024,794	\$ 2,335,435	\$ 0	\$ 286,252	\$ 7,113,692
Charges for Services	0	0	0	965,857	0	1,025,590	1,991,447
Licenses, Permits and Fees	152,838	0	0	0	0	0	152,838
Fines and Forfeitures	13,314	0	0	0	0	0	13,314
Intergovernmental	655,711	139,807	330,983	311,746	0	213,167	1,651,414
Special Assessments	0	0	0	0	0	179,978	179,978
Earnings on Investments	780,727	0	0	0	0	48,390	829,117
Miscellaneous	245,728	56,681	9,249	11,613	4,056	0	327,327
Total Receipts	\$ 2,096,051	\$ 1,415,966	\$ 3,365,026	\$ 3,624,651	\$ 4,056	\$ 1,753,377	\$ 12,259,127
Disbursements							
Current:							
General Government	\$ 1,536,462	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,536,462
Public Safety	0	0	3,789,590	2,950,394	0	0	6,739,984
Public Works	10,000	1,159,056	0	0	0	1,443,935	2,612,991
Health	5,924	0	0	0	0	0	5,924
Conservation - Recreation	92,985	0	0	0	0	0	92,985
Other	38,998	0	0	0	0	2,165	41,163
Capital Outlay	7,292	367,710	0	477,512	8,915	0	861,429
Debt Service:							
Principal Retirement	0	0	0	0	2,000,000	0	2,000,000
Interest and Fiscal Charges	0	0	0	0	76,786	0	76,786
Total Disbursements	\$ 1,691,661	\$ 1,526,766	\$ 3,789,590	\$ 3,427,906	\$ 2,085,701	\$ 1,446,100	\$ 13,967,724
Excess of Receipts Over (Under) Disbursements	404,390	(110,800)	(424,564)	196,745	(2,081,645)	307,277	(1,708,597)
Other Financing Sources (Uses)							
Sale of Fixed Assets	\$ 0	\$ 0	\$ 11,327	\$ 0	\$ 0	\$ 0	\$ 11,327
Transfers In	0	0	0	0	168,174	0	168,174
Transfers Out	(168,174)	0	0	0	0	0	(168,174)
Total Other Financing Sources (Uses)	\$ (168,174)	\$ 0	\$ 11,327	\$ 0	\$ 168,174	\$ 0	\$ 11,327
Net Change in Fund Balances	236,216	(110,800)	(413,237)	196,745	(1,913,471)	307,277	(1,697,270)
Fund Balances Beginning of Year	4,955,299	740,037	2,637,629	1,912,646	1,913,471	1,634,648	13,793,730
Fund Balances End of Year	<u>\$ 5,191,515</u>	<u>\$ 629,237</u>	<u>\$ 2,224,392</u>	<u>\$ 2,109,391</u>	<u>\$ 0</u>	<u>\$ 1,941,925</u>	<u>\$ 12,096,460</u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 218,593	\$ 218,593	\$ 247,733	\$ 29,140
License, Permits and Fees	30,000	30,000	152,838	122,838
Fines and Forfeitures	10,000	10,000	13,314	3,314
Intergovernmental	435,000	435,000	655,711	220,711
Earnings on Investments	406,122	406,122	780,727	374,605
Miscellaneous	184,000	184,000	245,728	61,728
Total receipts	<u>\$ 1,283,715</u>	<u>\$ 1,283,715</u>	<u>\$ 2,096,051</u>	<u>\$ 812,336</u>
Disbursements				
Current:				
General Government	\$ 2,020,283	\$ 1,804,474	\$ 1,536,462	\$ 268,012
Public Works	10,000	10,000	10,000	0
Health	3,000	6,000	5,924	76
Conservation - Recreation	222,835	199,426	92,985	106,441
Other	65,000	65,000	38,998	26,002
Capital Outlay	42,100	77,988	7,292	70,696
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Disbursements	<u>\$ 2,363,218</u>	<u>\$ 2,162,888</u>	<u>\$ 1,691,661</u>	<u>\$ 471,227</u>
Excess of Receipts Over (Under) Disbursements	(1,079,503)	(879,173)	404,390	1,283,563
Other Financing Sources (Uses)				
Other Financing Uses	\$ (2,045,000)	\$ (2,213,174)	\$ 0	\$ 2,213,174
Transfers In	0	0	0	0
Transfers Out	0	(168,174)	(168,174)	0
Total Other Financing Sources (Uses)	<u>(2,045,000)</u>	<u>(2,381,348)</u>	<u>(168,174)</u>	<u>2,213,174</u>
Net Change in Fund Balance	(3,124,503)	(3,260,521)	236,216	3,496,737
Fund Balance Beginning of Year	4,955,299	4,955,299	4,955,299	0
Prior Year Encumbrances Appropriated	0	0	0	0
Fund Balance End of Year	<u>\$ 1,830,796</u>	<u>\$ 1,694,778</u>	<u>\$ 5,191,515</u>	<u>\$ 3,496,737</u>

See accompanying notes to the basic financial statements

Harrison Township
Montgomery County

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,188,610	\$ 1,188,610	\$ 1,219,478	\$ 30,868
Intergovernmental	115,000	115,000	139,807	24,807
Miscellaneous	70,000	70,000	56,681	(13,319)
Total receipts	<u>\$ 1,373,610</u>	<u>\$ 1,373,610</u>	<u>\$ 1,415,966</u>	<u>\$ 42,356</u>
Disbursements				
Current:				
Public Works	\$ 1,194,595	\$ 1,162,418	\$ 1,159,056	\$ 3,362
Capital Outlay	411,000	418,258	367,710	50,548
Total Disbursements	<u>1,605,595</u>	<u>1,580,676</u>	<u>1,526,766</u>	<u>53,910</u>
Net Change in Fund Balance	(231,985)	(207,066)	(110,800)	96,266
Fund Balance Beginning of Year	740,037	740,037	740,037	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 508,052</u>	<u>\$ 532,971</u>	<u>\$ 629,237</u>	<u>\$ 96,266</u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Police District
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 2,878,970	\$ 2,878,970	\$ 3,024,794	\$ 145,824
Intergovernmental	250,000	250,000	330,983	80,983
Miscellaneous	9,000	9,000	9,249	249
Total receipts	<u>\$ 3,137,970</u>	<u>\$ 3,137,970</u>	<u>\$ 3,365,026</u>	<u>\$ 227,056</u>
Disbursements				
Current:				
Public Safety	\$ 4,460,762	4,444,947	\$ 3,789,590	\$ 655,357
Total Disbursements	<u>4,460,762</u>	<u>4,444,947</u>	<u>3,789,590</u>	<u>655,357</u>
Excess of Receipts Over (Under) Disbursements	(1,322,792)	(1,306,977)	(424,564)	882,413
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 0	\$ 11,327	\$ 11,327
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>11,327</u>	<u>11,327</u>
Net Change in Fund Balance	(1,322,792)	(1,306,977)	(413,237)	893,740
Fund Balance Beginning of Year	2,637,629	2,637,629	2,637,629	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 1,314,837</u></u>	<u><u>\$ 1,330,652</u></u>	<u><u>\$ 2,224,392</u></u>	<u><u>\$ 893,740</u></u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 2,375,000	\$ 2,375,000	\$ 2,335,435	\$ (39,565)
Charges for Services	70,000	70,000	965,857	895,857
Intergovernmental	180,000	180,000	311,746	131,746
Miscellaneous	50,000	50,000	11,613	(38,387)
Total receipts	<u>\$ 2,675,000</u>	<u>\$ 2,675,000</u>	<u>\$ 3,624,651</u>	<u>\$ 949,651</u>
Disbursements				
Current:				
Public Safety	\$ 3,444,691	\$ 3,189,044	\$ 2,950,394	\$ 238,650
Capital Outlay	611,859	731,500	477,512	253,988
Total Disbursements	<u>4,056,550</u>	<u>3,920,544</u>	<u>3,427,906</u>	<u>492,638</u>
Net Change in Fund Balance	(1,381,550)	(1,245,544)	196,745	1,442,289
Fund Balance Beginning of Year	1,912,646	1,912,646	1,912,646	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 531,096</u>	<u>\$ 667,102</u>	<u>\$ 2,109,391</u>	<u>\$ 1,442,289</u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 13,793,730
 Total Assets	 <u><u>\$ 13,793,730</u></u>
 Net Assets	
Restricted For:	
Other Purposes	\$ 8,838,431
Unrestricted	<u>4,955,299</u>
 Total Net Assets	 <u><u>\$ 13,793,730</u></u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

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

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$ 1,392,680	\$ 51,694	\$ 0	\$ (1,340,986)
Public Safety	6,406,795	845,030	475,065	(5,086,700)
Public Works	2,298,578	1,264,170	330,393	(704,015)
Health	4,039	0	0	(4,039)
Conservation - Recreation	93,314	0	0	(93,314)
Other	41,946	0	0	(41,946)
Capital Outlay	597,767	0	0	(597,767)
Debt Service:				
Principal	2,450,000	0	0	(2,450,000)
Interest	94,063	0	0	(94,063)
Total Governmental Activities	<u>\$ 13,379,182</u>	<u>\$ 2,160,894</u>	<u>\$ 805,458</u>	<u>\$ (10,412,830)</u>
General Receipts				
Property and Other Taxes				\$ 7,532,157
Grants and Entitlements not Restricted				881,536
Cable Franchise Fees				127,388
Earnings on Investments				696,678
Miscellaneous				238,568
Sale of Fixed Assets				77,793
Bond Proceeds				<u>2,000,000</u>
Total General Receipts				\$ 11,554,120
Change in Net Assets				\$ 1,141,290
Net Assets Beginning of Year				<u>\$ 12,652,440</u>
Net Assets End of Year				<u>\$ 13,793,730</u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 4,955,299	\$ 740,037	\$ 2,637,629	\$ 1,912,646	\$ 1,913,471	\$ 1,634,648	\$ 13,793,730
Total Assets	\$ 4,955,299	\$ 740,037	\$ 2,637,629	\$ 1,912,646	\$ 1,913,471	\$ 1,634,648	\$ 13,793,730
Fund Balances							
Unreserved, undesignated, reported in:							
General Fund	\$ 4,955,299	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,955,299
Special Revenue Funds	0	740,037	2,637,629	1,912,646	0	1,219,401	6,509,713
Capital Projects	0	0	0	0	1,913,471	3,886	1,917,357
Debt Service	0	0	0	0	0	411,361	411,361
Total Fund Balances	\$ 4,955,299	\$ 740,037	\$ 2,637,629	\$ 1,912,646	\$ 1,913,471	\$ 1,634,648	\$ 13,793,730

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

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

	General	Road and Bridge	Police District	Fire District	Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 256,205	\$ 1,300,031	\$ 3,213,199	\$ 2,507,518	\$ 0	\$ 318,605	\$ 7,595,558
Charges for Services	0	0	0	845,030	0	1,015,701	1,860,731
Licenses, Permits and Fees	157,271	0	0	0	0	0	157,271
Fines and Forfeitures	21,811	0	0	0	0	0	21,811
Intergovernmental	881,536	108,558	257,910	217,155	0	221,835	1,686,994
Special Assessments	0	0	0	0	0	185,068	185,068
Earnings on Investments	665,126	0	0	0	0	31,552	696,678
Miscellaneous	99,593	70,954	34,664	27,483	5,874	0	238,568
Total Receipts	\$ 2,081,542	\$ 1,479,543	\$ 3,505,773	\$ 3,597,186	\$ 5,874	\$ 1,772,761	\$ 12,442,679
Disbursements							
Current:							
General Government	\$ 1,380,423	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,257	\$ 1,392,680
Public Safety	0	0	3,710,886	2,695,409	500	0	6,406,795
Public Works	10,000	930,800	0	0	0	1,357,778	2,298,578
Health	4,039	0	0	0	0	0	4,039
Conservation - Recreation	93,314	0	0	0	0	0	93,314
Other	37,352	0	0	0	0	4,594	41,946
Capital Outlay	62,354	375,439	0	154,100	5,874	0	597,767
Debt Service:							
Principal Retirement	0	0	0	0	2,450,000	0	2,450,000
Interest and Fiscal Charges	0	0	0	0	94,063	0	94,063
Total Disbursements	\$ 1,587,482	\$ 1,306,239	\$ 3,710,886	\$ 2,849,509	\$ 2,550,437	\$ 1,374,629	\$ 13,379,182
Excess of Receipts Over (Under) Disbursements	494,060	173,304	(205,113)	747,677	(2,544,563)	398,132	(936,503)
Other Financing Sources (Uses)							
Bond Proceeds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,000,000	\$ 0	\$ 2,000,000
Sale of Fixed Assets	0	0	17,651	60,142	0	0	77,793
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 17,651	\$ 60,142	\$ 2,000,000	\$ 0	\$ 2,077,793
Net Change in Fund Balances	494,060	173,304	(187,462)	807,819	(544,563)	398,132	1,141,290
Fund Balances Beginning of Year	4,461,239	566,733	2,825,091	1,104,827	2,458,034	1,236,516	12,652,440
Fund Balances End of Year	<u>\$ 4,955,299</u>	<u>\$ 740,037</u>	<u>\$ 2,637,629</u>	<u>\$ 1,912,646</u>	<u>\$ 1,913,471</u>	<u>\$ 1,634,648</u>	<u>\$ 13,793,730</u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 209,969	\$ 209,969	\$ 256,205	\$ 46,236
License, Permits and Fees	40,000	40,000	157,271	117,271
Fines and Forfeitures	10,000	10,000	21,811	11,811
Intergovernmental	439,332	439,332	881,536	442,204
Earnings on Investments	374,856	374,856	665,126	290,270
Miscellaneous	257,000	257,000	99,593	(157,407)
Total receipts	<u>\$ 1,331,157</u>	<u>\$ 1,331,157</u>	<u>\$ 2,081,542</u>	<u>\$ 750,385</u>
Disbursements				
Current:				
General Government	\$ 1,979,558	\$ 1,967,648	\$ 1,380,423	\$ 587,225
Public Works	10,000	10,000	10,000	0
Health	2,500	5,961	4,039	1,922
Conservation - Recreation	200,838	199,426	93,314	106,112
Other	65,000	65,000	37,352	27,648
Capital Outlay	85,000	77,988	62,354	15,634
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Disbursements	<u>\$ 2,342,896</u>	<u>\$ 2,326,023</u>	<u>\$ 1,587,482</u>	<u>\$ 738,541</u>
Excess of Receipts Over (Under) Disbursements	(1,011,739)	(994,866)	494,060	1,488,926
Other Financing Sources (Uses)				
Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Uses	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>0</u>	<u>2,000,000</u>
Total Other Financing Sources (Uses)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>0</u>	<u>2,000,000</u>
Net Change in Fund Balance	(3,011,739)	(2,994,866)	494,060	3,488,926
Fund Balance Beginning of Year	4,461,239	4,461,239	4,461,239	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 1,449,500</u>	<u>\$ 1,466,373</u>	<u>\$ 4,955,299</u>	<u>\$ 3,488,926</u>

See accompanying notes to the basic financial statements

Harrison Township
Montgomery County

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,158,396	\$ 1,158,396	\$ 1,300,031	\$ 141,635
Intergovernmental	136,948	136,948	108,558	(28,390)
Miscellaneous	66,000	66,000	70,954	4,954
Total receipts	<u>\$ 1,361,344</u>	<u>\$ 1,361,344</u>	<u>\$ 1,479,543</u>	<u>\$ 118,199</u>
Disbursements				
Current:				
Public Works	\$ 973,759	\$ 960,784	\$ 905,814	\$ 54,970
Capital Outlay	411,000	411,000	400,425	10,575
Total Disbursements	<u>1,384,759</u>	<u>1,371,784</u>	<u>1,306,239</u>	<u>65,545</u>
Net Change in Fund Balance	(23,415)	(10,440)	173,304	183,744
Fund Balance Beginning of Year	566,733	566,733	566,733	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 543,318</u>	<u>\$ 556,293</u>	<u>\$ 740,037</u>	<u>\$ 183,744</u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Police District
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 2,872,294	\$ 2,872,294	\$ 3,213,199	\$ 340,905
Intergovernmental	334,292	334,292	257,910	(76,382)
Miscellaneous	9,000	9,000	34,664	25,664
Total receipts	<u>\$ 3,215,586</u>	<u>\$ 3,215,586</u>	<u>\$ 3,505,773</u>	<u>\$ 290,187</u>
Disbursements				
Current:				
Public Safety	\$ 4,055,385	\$ 4,004,059	\$ 3,710,886	\$ 293,173
Total Disbursements	<u>\$ 4,055,385</u>	<u>\$ 4,004,059</u>	<u>\$ 3,710,886</u>	<u>\$ 293,173</u>
Excess of Receipts Over (Under) Disbursements	(839,799)	(788,473)	(205,113)	583,360
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 0	\$ 17,651	\$ 17,651
Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>17,651</u>	<u>17,651</u>
Net Change in Fund Balance	(839,799)	(788,473)	(187,462)	601,011
Fund Balance Beginning of Year	2,825,091	2,825,091	2,825,091	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 1,985,292</u></u>	<u><u>\$ 2,036,618</u></u>	<u><u>\$ 2,637,629</u></u>	<u><u>\$ 601,011</u></u>

See accompanying notes to the basic financial statements

**Harrison Township
Montgomery County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District

For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 2,471,207	\$ 2,471,207	\$ 2,507,518	\$ 36,311
Charges for Services	750,000	750,000	845,030	95,030
Intergovernmental	294,657	294,657	217,155	(77,502)
Miscellaneous	107,500	107,500	27,483	(80,017)
Total receipts	<u>\$ 3,623,364</u>	<u>\$ 3,623,364</u>	<u>\$ 3,597,186</u>	<u>\$ (26,178)</u>
Disbursements				
Current:				
Public Safety	\$ 3,226,760	\$ 3,189,044	\$ 2,695,409	\$ 493,635
Capital Outlay	731,500	731,500	154,100	577,400
Total Disbursements	<u>\$ 3,958,260</u>	<u>\$ 3,920,544</u>	<u>\$ 2,849,509</u>	<u>\$ 1,071,035</u>
Excess of Receipts Over (Under) Disbursements	(334,896)	(297,180)	747,677	1,044,857
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 0	\$ 60,142	\$ 60,142
Other Financing Uses	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>60,142</u>	<u>60,142</u>
Net Change in Fund Balance	(334,896)	(297,180)	807,819	1,104,999
Fund Balance Beginning of Year	1,104,827	1,104,827	1,104,827	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 769,931</u>	<u>\$ 807,647</u>	<u>\$ 1,912,646</u>	<u>\$ 1,104,999</u>

See accompanying notes to the basic financial statements

Harrison Township Montgomery County

Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 1 – Reporting Entity

The Harrison Township, Montgomery County, Ohio (the Township), is a body politic and corporate established in 1841 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, zoning, fire protection and emergency medical service. The Township contracts with Montgomery County Sheriff's Office for police protection.

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 does not consist of any component units, which are legally separate organizations for which the township is financially accountable.

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

The Township does not participate in any jointly governed organizations; however the Township contracts with Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool who provides property and casualty coverage for its members. Note 6 to the financial statements provide additional information for this entity.

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

Harrison Township Montgomery County

Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2 C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the *cash* basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. 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.

The statement of net assets presents the cash and investment balances of the governmental and business-type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type 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 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 and enterprise 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.

**Harrison Township
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Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies (continued)

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. All of the Township's funds are categorized as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds in 2008 and 2007 were the General, Police District, Fire District, Road and Bridge, and Miscellaneous Capital Projects funds.

General Fund - is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Police District Fund – This fund receives property tax money to provide police services to residents of the Township.

Fire District Fund – This fund receives property tax money and revenue generated from the emergency medical services it provides.

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

Miscellaneous Capital Projects – The Township established this fund to gather resources for future capital projects.

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

C. Basis of Accounting

The Township's financial statements are prepared using the 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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**Harrison Township
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Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process

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

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

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.

In 2008 and 2007, the Township invests in a U.S. Treasury Notes and STAR Ohio. U.S. Treasury Notes are reported at the cost of the investment.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008 and 2007.

Harrison Township
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Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments (continued)

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

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 was \$780,727, and \$48,390 to other funds. Interest receipts credited to the General Fund during 2007 was \$665,126 and \$31,552 to other funds.

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. The Township does not have any restricted assets.

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 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 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**Harrison Township
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Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies (continued)

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.

The Township first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

For 2006, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2007, the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. There is no restatement of equity as a result of this change.

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, Police district, Fire District, and Road and Bridge funds, are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no outstanding encumbrances at December 31, 2008 and 2007.

Harrison Township
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Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

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

**Harrison Township
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Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 5 – Deposits and Investments (continued)

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.

The Township had \$150 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents”

Deposits

At year-ended December 31 2008, the carrying amount of the Township’s deposits was \$1,276,072 and the bank balance was \$1,572,730. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures” \$1,322,730 was exposed to custodial risk as discussed below, while \$250,000 was covered by Federal Depository Insurance Corporation.

At year-ended December 31, 2007, the carrying amount of the Township’s deposits was \$249,618, and the bank balance was \$617,689. Of the bank balance \$517,689 was exposed to custodial risk as discussed below, while \$100,000 was covered by Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Township’s deposits may not be returned. All deposits are collateralized with eligible securities in the amounts equal to at least 105% of carrying value of the deposits. Such collateral, as permitted by the Ohio revised code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name or the respective depository bank and pledged as a poll of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township.

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

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township’s investment policy addresses interest rate risk by requiring that the Township’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**Harrison Township
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Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 5 – Deposits and Investments (continued)

Credit Risk – The U.S. Treasury Notes carries a rating of AAA by Standard and Poor’s and Moody’s. STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the Township’s name. The Township has an investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M) (2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

As of December 31, 2008 and 2007, the Township had the following investments:

<u>2008</u>	Carrying			
Investment Type	Value	Less than 1	1-2	3-5
U.S. Treasury Bonds & Notes	\$9,840,111	\$0	\$1,015,986	\$8,824,125
STAR Ohio	980,127	980,127	0	0
Total Investments	\$10,820,238	\$980,127	\$1,015,986	\$8,824,125

<u>2007</u>	Carrying			
Investment Type	Value	Less than 1	1-2	3-5
U.S. Treasury Bonds & Notes	\$11,426,691	\$1,768,504	\$4,794,400	\$4,863,787
STAR Ohio	2,117,270	2,117,270	0	0
Total Investments	\$13,543,961	\$3,885,774	\$4,794,400	\$4,863,787

Concentration of credit risk - is the risk of loss attributed to the amount of a government’s investment in any single issuer. The Township has no investment policy limiting the amount that may be invested in any one issuer.

Reconciliation of Cash and its Investment to the Statement of Net Assets

The following is a reconciliation of cash and investment to the Statement of Net Assets at December 31:

	<u>2008</u>	<u>2007</u>
Investment (summarized above)	\$ 10,820,238	\$ 13,543,961
Carrying amount of Township’s deposits	1,276,072	249,619
Petty Cash	150	150
Pooled Cash and Investments – Statement of Net Assets	\$ 12,096,460	\$ 13,793,730

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 6 – Property Taxes

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

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

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property assessments are being phased out—the assessment percentage for all property including inventory for 2008 assessed at 6.75 percent and 2007, at 12.5 percent of true value for capital assets. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the years ended December 31, 2008 and 2007, was \$21.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 and 2007 property tax receipts were based are as follows:

	2008	2007
Real Property		
Residential/Agriculture	\$206,649,440	\$220,204,360
Commercial/Industrial	122,483,350	119,635,090
Tangible Personal Property		
Business	6,473,080	6,382,790
Total Assessed Value	\$339,068,450	\$364,143,031

Harrison Township
Montgomery County

Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 7 – Risk Management

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

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

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

Casualty Coverage

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

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 or \$3,000,000 as noted above.

Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township. Statistics for 2008 are not available at this time.

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

Harrison Township
Montgomery County

Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 7 – Risk Management (continued)

Financial Position

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

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

At December 31, 2007 and 2006, respectively, casualty coverage assets and retained earnings noted above include approximately \$11.6 million and \$10.8 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$98,374. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates 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>Year</u>	<u>Contribution</u>
2008	\$49,187
2006	\$50,860
2005	\$60,413

After completing one year of membership, members may withdraw on each anniversary date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to withdrawal.

**Harrison Township
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Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan, the member-directed plan is 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, 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. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, and survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits including post-employment health care coverage. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008 and 2007, member and contribution rates were consistent across all three plans, law enforcement and public safety divisions exist only within the traditional plan. The 2008 and 2007, member contribution rates were 10.0 and 9.5 percent, respectively, for members in State and local classifications. Public Safety and law enforcement members contributed 10.1 and 9.75 percent, respectively.

The Township's contribution rate for 2008 and 2007, was 14.0 percent and 13.85 percent, for 2008 and 2007, respectively, except for those plan members in law enforcement or public safety, for whom the Township contribution was 17.4 and 17.17, percent, respectively, of covered payroll.

The Township's required contributions for pension obligations to the traditional plan for the years ended December 31, 2008, 2007, and 2006 were \$231,550, \$212,312, and \$197,154, respectively. The full amount has been contributed for 2008, 2007 and 2006.

**Harrison Township
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Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 8 – Defined Benefit Pension Plan (continued)

B. Ohio Police and Fire Pension Fund

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.

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. Contributions are authorized by State statute. The Township's contributions to the fund for firefighters were \$262,020, \$262,438 and \$239,724 for the years ended December 31, 2008, 2007 and 2006. The full amount has been contributed for 2008, 2007 and 2006.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14 percent of covered payroll, and public safety and law enforcement employers contributed at 17.4 percent. Active members do not make contributions to the OPEB Plan.

**Harrison Township
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Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 9 - Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). 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. For 2008, the employer contribution allocated to the health care plan was 7 percent of covered payroll. For 2007, the employer contribution allocated to the health care plan for January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5 percent and 6 percent of covered payroll, respectively.

The Township's contributions to OPERS to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006 were \$93,153, \$140,126, and \$94,634 respectively; 100 percent has been contributed for 2008, 2007, and 2006.

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

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium 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 check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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 to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. 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.

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 9 - Postemployment Benefits (continued)

B. Ohio Police and Fire Pension Fund (continued)

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, 2008, 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.

The Township's contributions to OP&F to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006 were \$73,628, \$73,745, and \$77,431, respectively; 100 percent has been contributed for 2008, 2007, and 2006.

Note 10 – Debt

The Township's had no outstanding debt for the year ended December 31, 2008.

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
Bonds Anticipation Note	3.85%	\$2,000,000	\$0.00	\$2,000,000	\$0.00

The Township's outstanding debt for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
Bonds Anticipation Note	3.85%	\$2,450,000	\$2,000,000	\$2,450,000	\$2,000,000

Note 11 – Interfund Transfers

During 2008 and 2007 the following transfers were made:

	2008	2007
Transfers from the General Fund to:		
Major Governmental Fund (Capital Projects)	\$168,174	\$0
Total Transfers	\$168,174	\$0

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

**Harrison Township
Montgomery County**

Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 12 – Contingent Liabilities

As of December 31, 2008, the Township is a defendant in various cases. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not have a material adverse affect on the Township's financial condition.

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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MANNING & ASSOCIATES CPAS, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

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

Harrison Township
Montgomery County
5945 North Dixie Drive
Dayton, Ohio 45414

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, Montgomery County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 18, 2009, wherein we noted the Township implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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

Internal Control Over Financial Reporting, continued

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

We noted certain matters that we reported to the Township's management in a separate letter dated June 18, 2009.

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 also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 18, 2009.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

June 18, 2009



Mary Taylor, CPA
Auditor of State

HARRISON TOWNSHIP

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 6, 2009**