



**HARRISON TOWNSHIP
VINTON COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019 - 2018**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
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1310 Market St., #300
Wheeling, WV 26003
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OHIO AUDITOR OF STATE
KEITH FABER



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Township Trustees
Harrison Township
36711 State Route 327
Ray, Ohio 45672

We have reviewed the *Independent Auditor's Report* of Harrison Township, Vinton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 23, 2021

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HARRISON TOWNSHIP
VINTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

February 10, 2021

Harrison Township
Vinton County
36711 State Route 327
Ray, Ohio 45672

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Harrison Township**, Vinton County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

The Board of Trustees did not make a prior period proposed audit adjustment for paying Township Trustee salaries and fringe benefits from the Motor Vehicle License Fund in the amount of \$5,095; Gasoline Tax Fund in the amount of \$15,284; and Cemetery Fund in the amount of \$2,547, and should have been paid from the General Fund. Due to the impact this adjustment would have on the General Fund, the Township declined to make this adjustment.

Had the posting errors noted in the preceding paragraph been properly posted to the financial statements and the accounting system; the General Fund cash fund balance would have been decreased \$22,926; Motor Vehicle License Fund cash fund balance would have increased \$5,095; the Gasoline Tax Fund cash fund balance would have increased \$15,284; and the Cemetery Fund cash fund balance would have increased \$2,547.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Modification* paragraph, the cash balances, receipts and disbursements by fund type, and related notes of Harrison Township, Vinton County, as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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**HARRISON TOWNSHIP
VINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 38,594	\$ 92,805	\$ 131,399
Intergovernmental	21,437	165,708	187,145
Earnings on Investments	313	-	313
Miscellaneous	4,061	5,932	9,993
<i>Total Cash Receipts</i>	<u>64,405</u>	<u>264,445</u>	<u>328,850</u>
Cash Disbursements			
Current:			
General Government	48,191	1,442	49,633
Public Safety	-	54,077	54,077
Public Works	2,630	114,804	117,434
Health	-	11,293	11,293
Capital Outlay	-	22,000	22,000
Debt Service:			
Principal Retirement	3,276	36,120	39,396
Interest and Fiscal Charges	1,162	9,420	10,582
<i>Total Cash Disbursements</i>	<u>55,259</u>	<u>249,156</u>	<u>304,415</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,146</u>	<u>15,289</u>	<u>24,435</u>
<i>Fund Cash Balances, January 1</i>	<u>18,822</u>	<u>81,946</u>	<u>100,768</u>
Fund Cash Balances, December 31			
Restricted	-	97,235	97,235
Assigned	27,968	-	27,968
<i>Fund Cash Balances, December 31</i>	<u>\$ 27,968</u>	<u>\$ 97,235</u>	<u>\$ 125,203</u>

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

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Harrison Township
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Harrison Township, Vinton County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

Public Entity Risk Pool

The Township participates in a public entity risk pool. 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Fire and Emergency Medical Services Fund This fund receives property tax money for emergency services including fire protection and emergency medical services.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Harrison Township
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

Capital Assets

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

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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

Harrison Township
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 41,604	\$ 64,405	\$ 22,801
Special Revenue	208,533	264,445	55,912
Total	\$ 250,137	\$ 328,850	\$ 78,713

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 60,093	\$ 55,259	\$ 4,834
Special Revenue	290,305	249,156	41,149
Total	\$ 350,398	\$ 304,415	\$ 45,983

Note 4 – Deposits

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

	2019
Demand deposits	\$ 125,203
Total deposits	\$ 125,203

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Harrison Township
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Property Taxes

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

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

Note 6 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

Harrison Township
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plans (Continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
Promissory Note - Truck	\$ 15,309	2.50%
Promissory Note - Property/Garage	26,766	4.00%
Promissory Note - Fire Tanker	135,942	4.65%
Lease Agreement - Compact Excavator	45,616	3.75%
Total	\$ 223,633	

The Township signed a promissory note with the Vinton County National Bank in November 2015 for the purchase of a new truck to be used for road maintenance in the amount of \$72,800. Payments of \$7,789 are due bi-annually with the final payment due in fiscal year 2020. Payments are made from the Gas Tax Fund.

The Township signed a promissory note with the Vinton County Bank in April 2016 for the purchase of property with a garage in the amount of \$36,000. Payments of \$4,438 are due annually with the final payment due in fiscal year 2026. Payments are made from the General Fund.

The Township signed a promissory note with the Vinton County Bank in July 2018 for the purchase of a fire tanker in the amount of \$148,000. Payments of \$18,845 are due annually with the final payment due in fiscal year 2028. Payments are made from the Fire and EMS Fund.

The Township signed a capital lease with John Deere Financial in July 2018 for the purchase of a compact excavator in the amount of \$59,177. Payments of \$5,559 are due bi-annually with the final payment due in fiscal year 2024. Payments are made from the Road and Bridge Fund.

The above notes do not meet the requirements of Ohio Revised Code Section 133.

Harrison Township
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt (Continued)

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Truck Loan	Property Loan	Fire Tanker Loan	Compact Excavator Lease
2020	\$ 15,580	\$ 4,438	\$ 18,845	\$ 11,118
2021	-	4,438	18,845	11,118
2022	-	4,438	18,845	11,118
2023	-	4,438	18,845	11,118
2024	-	4,438	18,845	11,118
2025-2029	-	9,050	75,380	-
Total	<u>\$ 15,580</u>	<u>\$ 31,240</u>	<u>\$ 169,605</u>	<u>\$ 55,590</u>

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**HARRISON TOWNSHIP
VINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 34,002	\$ 88,986	\$ 122,988
Intergovernmental	20,166	118,847	139,013
Earnings on Investments	1,750	-	1,750
Miscellaneous	666	3	669
<i>Total Cash Receipts</i>	<u>56,584</u>	<u>207,836</u>	<u>264,420</u>
Cash Disbursements			
Current:			
General Government	43,333	1,892	45,225
Public Safety	-	48,116	48,116
Public Works	1,692	129,905	131,597
Health	1,077	8,212	9,289
Capital Outlay	-	307,176	307,176
Debt Service:			
Principal Retirement	3,078	18,934	22,012
Interest and Fiscal Charges	2,432	1,130	3,562
<i>Total Cash Disbursements</i>	<u>51,612</u>	<u>515,365</u>	<u>566,977</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,972</u>	<u>(307,529)</u>	<u>(302,557)</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	-	207,177	207,177
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>207,177</u>	<u>207,177</u>
<i>Net Change in Fund Cash Balances</i>	4,972	(100,352)	(95,380)
<i>Fund Cash Balances, January 1</i>	<u>13,850</u>	<u>182,298</u>	<u>196,148</u>
Fund Cash Balances, December 31			
Restricted	-	81,946	81,946
Assigned	18,822	-	18,822
<i>Fund Cash Balances, December 31</i>	<u>\$ 18,822</u>	<u>\$ 81,946</u>	<u>\$ 100,768</u>

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

Harrison Township
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Harrison Township, Vinton County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

Public Entity Risk Pool

The Township participates in a public entity risk pool. 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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Basis of Accounting

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Harrison Township
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

Capital Assets

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

Fund Balance

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

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Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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

Harrison Township
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 41,220	\$ 56,584	\$ 15,364
Special Revenue	354,986	415,013	60,027
Total	\$ 396,206	\$ 471,597	\$ 75,391

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 63,151	\$ 51,838	\$ 11,313
Special Revenue	528,588	515,642	12,946
Total	\$ 591,739	\$ 567,480	\$ 24,259

Note 4 – Deposits

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

	2018
Demand deposits	\$ 100,768
Total deposits	\$ 100,768

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Harrison Township
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Property Taxes

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

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

Note 6 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

Harrison Township
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – Defined Benefit Pension Plans (Continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9 – Debt

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note - Truck	\$ 30,238	2.50%
Promissory Note - Property/Garage	30,042	4.00%
Promissory Note - Fire Tanker	148,000	4.65%
Lease Agreement - Compact Excavator	54,749	3.75%
Total	<u>\$ 263,029</u>	

The Township signed a promissory note with the Vinton County National Bank in November 2015 for the purchase of a new truck to be used for road maintenance in the amount of \$72,800. Payments of \$7,789 are due bi-annually with the final payment due in fiscal year 2020. Payments are made from the Gas Tax Fund.

The Township signed a promissory note with the Vinton County Bank in April 2016 for the purchase of property with a garage in the amount of \$36,000. Payments of \$4,438 are due annually with the final payment due in fiscal year 2026. Payments are made from the General Fund.

The Township signed a promissory note with the Vinton County Bank in July 2018 for the purchase of a fire tanker in the amount of \$148,000. Payments of \$18,845 are due annually with the final payment due in fiscal year 2028. Payments are made from the Fire and EMS Fund.

The Township signed a capital lease with John Deere Financial in July 2018 for the purchase of a compact excavator in the amount of \$59,177. Payments of \$5,559 are due bi-annually with the final payment due in fiscal year 2024. Payments are made from the Road and Bridge Fund.

The above notes do not meet the requirements of Ohio Revised Code Section 133.

Harrison Township
Vinton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt (Continued)

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Truck Loan	Property Loan	Fire Tanker Loan	Compact Excavator Lease
2019	\$ 15,578	\$ 4,438	\$ 18,845	\$ 11,118
2020	15,580	4,438	18,845	11,118
2021	-	4,438	18,845	11,118
2022	-	4,438	18,845	11,118
2023	-	4,438	18,845	11,118
2024-2028	-	13,314	94,225	11,118
Total	<u>\$ 31,158</u>	<u>\$ 35,504</u>	<u>\$ 188,450</u>	<u>\$ 66,708</u>

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

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Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

February 10, 2021

Harrison Township
Vinton County
36711 State Route 327
Ray, Ohio 45672

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of **Harrison Township**, Vinton County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated February 10, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We also qualified our opinion on the financial statements due to the Township not making a \$22,926 prior audit adjustment against the General Fund and in favor of the Motor Vehicle License Tax Fund, Gasoline Tax Fund, and Cemetery Fund from a prior audit period.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2019-003.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

HARRISON TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. Fund balances should be properly classified based on Governmental Accounting Standards Board (GASB) Statement No. 54: *Fund Balance Reporting and Governmental Fund Type Definitions*. Footnote disclosures should be accurate based on underlying source documentation and governmental accounting standards.

During 2019 and 2018, receipts, disbursements and fund balances were not always classified correctly and footnote disclosures were not always up to date. The following errors were noted:

- Rollback receipts were improperly classified as Property and Other Local Taxes instead of Intergovernmental in 2019 and 2018;
- Local government distribution was improperly classified as Property and Other Local Taxes instead of Intergovernmental in 2019 and 2018;
- Local government distribution was improperly classified as Property and Other Local Taxes and were not allocated to the appropriate funds in 2019;
- Debt payments were not properly classified on the financial statements in 2019 and 2018;
- Subsequent year appropriations that exceeded estimated receipts in the General Fund were improperly classified as Unassigned instead of Assigned in 2018 and 2019;
- In 2019 a timing difference was noted regarding payroll of the Township elected officials causing them to be overpaid in 2019. This timing difference was corrected during the audit.

Not posting receipts and disbursements accurately resulted in the financial statements requiring reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments. The Township has made adjustments to their accounting system. The footnotes reflect all necessary changes.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft annual financial report. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements and footnote disclosures are complete and accurate.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Officials' Response – We did not receive a response from officials to this finding.

HARRISON TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2019-002

Material Weakness

Board Monitoring Controls and Monthly Bank Reconciliations

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties and compensating controls.

The small size of the Township's staff did not allow for an adequate segregation of duties; the Township Fiscal Officer performed all accounting functions. It is therefore important that the Township Trustees function as a finance committee to monitor financial activity closely. There was no documentation of the extent to which the Trustees reviewed bank reconciliations, financial reports and records to monitor financial activity of the Township.

Lack of board monitoring resulted in the Township not preparing accurate monthly bank reconciliations; it was noted that a deposit in transit and a memo receipt was created to force the Township to balance in 2019.

We recommend financial information be presented to the Trustees at each regular monthly meeting for review. This information should include reconciliations, as well as revenue and expenditure activity and budget versus actual reports. These reviews should either be documented in the minutes of the Township and/or the financial information provided should be signed by Trustees indicating their review.

Officials' Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2019-003

Noncompliance

Ohio Revised Code Section 133.15 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct. Ohio Rev. Code § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In July 2018, the Board of Trustees signed a promissory note with The Vinton County National Bank in the amount of \$148,000, to finance the purchase of a fire tanker. On April 23, 2016, the Board of Trustees signed a promissory note with The Vinton County National Bank, in the amount of \$36,000, to finance the purchase of property with a storage garage. Previously, on November 19, 2015, the Board of Trustees signed a promissory note with The Vinton County National Bank in the amount of \$72,800 to finance the purchase of a truck. These types of loans do not meet the requirements set forth in Ohio Rev. Code § 133.15.

HARRISON TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2019-003 (Continued)

The Ohio Revised Code contains various methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for Townships. The Board of Trustees should consult with the Township's legal counsel prior to the Township incurring future debt.

Officials' Response – We did not receive a response from officials to this finding.

**HARRISON TOWNSHIP
VINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Financial Reporting	Not Corrected	Repeated as finding 2019-001
2017-002	Board Monitoring Controls and Monthly Bank Reconciliations	Not Corrected	Repeated as finding 2019-002
2017-003	Supporting Documentation for Disbursements	Corrected	N/A
2017-004	26 Code of Federal Regulations Section 1.6041-2	Corrected	N/A
2017-005	Ohio Revised Code Section 5705.36(A)(4)	Corrected	N/A
2017-006	Ohio Revised Code Section 5705.39	Corrected	N/A
2017-007	Ohio Revised Code Section 5705.41(B)	Corrected	N/A
2017-008	Ohio Revised Code Section 133.15	Not Corrected	Repeated as finding 2019-003

OHIO AUDITOR OF STATE KEITH FABER



HARRISON TOWNSHIP

VINTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/6/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov