

Harrison Township, Ohio



Basic Financial Statements

December 31, 2017



Dave Yost • Auditor of State

Board of Trustees
Harrison Township
300 George Street
Harrison, Ohio 45030

We have reviewed the *Independent Auditor's Report* of Harrison Township, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2017 through December 31, 2017. 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 "Dave Yost".

Dave Yost
Auditor of State

May 23, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Harrison Township
Hamilton County
300 George Street
Harrison, Ohio 45030

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, Ohio, (the Township) as of and for the year ended December 31, 2017.

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 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.

Basis for Adverse Opinions 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 Opinions on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinions 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, 2017, or changes in financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the combined cash balances of the Township, as of December 31, 2017, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions permitted by Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), described in Note 2.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2018, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.

Cincinnati, Ohio

April 19, 2018

Harrison Township, Hamilton County
 Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances (Regulatory Cash Basis)
 All Governmental Fund Types
 For the Fiscal Year Ended December 31, 2017

	General	Special Revenue	Debt Service	Capital Projects	Totals
Receipts:					
Property and Other Local Taxes	\$327,584	\$470,342	\$0	\$0	\$797,926
Licenses, Permits and Fees	27,321	0	0	0	27,321
Fines and Forfeitures	68	0	0	0	68
Intergovernmental	86,764	154,147	0	0	240,911
Earnings on Investments	13,500	1,500	0	57	15,057
Miscellaneous	51,682	0	0	0	51,682
Total Receipts	506,919	625,989	0	57	1,132,965
Disbursements:					
Current:					
General Government	270,561	349,715	0	0	620,276
Public Safety	124,637	0	0	0	124,637
Public Works	23,507	180,207	0	0	203,714
Health	12,757	0	0	0	12,757
Conservation - Recreation	4,500	0	0	0	4,500
Capital Outlay	0	0	0	24,999	24,999
Debt Service:					
Principal Retirement	30,804	0	105,000	0	135,804
Interest and Fiscal Charges	1,555	0	0	0	1,555
Total Disbursements	468,321	529,922	105,000	24,999	1,128,242
Excess of Receipts Over (Under) Disbursements	38,598	96,067	(105,000)	(24,942)	4,723
Other Financing Receipts (Disbursements):					
Transfers In	0	0	105,000	24,948	129,948
Transfers (Out)	0	(129,948)	0	0	(129,948)
Total Other Financing Receipts (Disbursements)	0	(129,948)	105,000	24,948	0
Net Change in Fund Cash Balance	38,598	(33,881)	0	6	4,723
Fund Cash Balance Beginning of Year	2,185,717	664,927	150,045	6	3,000,695
Fund Cash Balances:					
Restricted	0	631,046	150,045	0	781,091
Assigned	430,000	0	0	12	430,012
Unassigned (Deficit)	1,794,315	0	0	0	1,794,315
Fund Cash Balance End of Year	\$2,224,315	\$631,046	\$150,045	\$12	\$3,005,418

See accompanying notes to the financial statements.

Harrison Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2017

Note 1 - Reporting Entity

Harrison Township, Hamilton County, Ohio (the Township), is a body politic and corporate established in 1850 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 Fiscal Officer. The reporting entity is comprised solely of the primary government. The Township provides general government services, maintenance of Township roads and bridges and cemetery maintenance. The Township contracts with the City of Harrison for fire protection. Police protection is provided by the Hamilton County Sheriff's Department.

The Township participates in one jointly governed organization, Harrison Township/City of Harrison Joint Economic Development District, and in one public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA). For more information on the Harrison Township/City of Harrison Joint Economic Development District see note 9 and for information on OTARMA see note 6.

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.

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:

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money to pay for constructing, maintaining, and repairing Township roads.

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

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

Fire Levy Fund – This fund receives property tax money to pay for fire services contracted with the City of Harrison.

Harrison Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2017

Permissive Motor Vehicle License Tax Fund - This fund receives permissive motor vehicle license tax money to pay for constructing, maintaining, and repairing Township roads.

TIF Equivalent Fund – This fund was established to receive payment in lieu of taxes (TIF agreements) for the construction of certain roads, repair and maintenance of those roads, and related infrastructure.

Debt Service Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant debt service funds:

TIF Debt Service Reserve Fund – This fund is used to reserve the proceeds of the payments in lieu of taxes (TIF agreements) monies to make principal and interest payments on debt issued to finance certain roads, repair and maintenance of those roads, and related infrastructure.

TIF Debt Service Fund – This fund is used to account for the proceeds of the payments in lieu of taxes (TIF agreements) monies to make principal and interest payments on debt issued to finance certain roads, repair and maintenance of those roads, and related infrastructure.

Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Miscellaneous Capital Project Fund – This fund was established to account for and report financial resources for various capital improvement projects and purchases throughout the Township.

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.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Appropriations lapse at year end.

Harrison Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2017

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

Deposits and Investments

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

The Township values Federal Home Loan Bank Notes at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAROhio is measured at the net asset value (NAV) per share provided by STAROhio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

Accumulated Leave

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

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.

Harrison Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2017

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.

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 – Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of deposits for the Township at December 31 was as follows:

Demand Deposits	\$1,349,998
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Deposits - Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution’s public entity deposit pool.

The investment values for the Township at December 31, were as follows:

<u>Investments:</u>	
Federal Home Loan Bank	\$1,500,000
Money Market	150,045
STAROhio	<u>5,375</u>
Total Investments	<u><u>\$1,655,420</u></u>

Investments - The Federal Reserve holds the Federal Home Loan Bank Notes in book-entry form by, and in, the name of the Township’s financial institution. The financial institution maintains records identifying the Township as owner of these securities. Investments in STAROhio and in money market funds are not evidenced by securities that exist in physical or book-entry form.

Harrison Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2017

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, was as follows:

Budgeted vs. Actual Receipts:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$506,000	\$506,919	\$919
Special Revenue	640,000	625,989	(14,011)
Debt Service	110,000	105,000	(5,000)
Capital Projects	50,000	25,005	(24,995)
Total	<u>\$1,306,000</u>	<u>\$1,262,913</u>	<u>(\$43,087)</u>

Budgeted vs. Actual Budgetary Basis Expenditures:

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,070,000	\$468,321	\$601,679
Special Revenue	1,178,000	659,870	518,130
Debt Service	109,000	105,000	4,000
Capital Projects	43,000	24,999	18,001
Total	<u>\$2,400,000</u>	<u>\$1,258,190</u>	<u>\$1,141,810</u>

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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 exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through 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

Harrison Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2017

members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016 (the latest information available), OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims. The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016 and 2015 (the latest information available):

	<u>2016</u>	<u>2015</u>
Assets	\$38,473,283	\$37,313,311
Liabilities	8,244,140	8,418,518
Net Position	30,229,143	28,894,793

At December 31, 2016 and 2015, respectively, the liabilities above include approximately \$7.4 and \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$6.9 and \$7.7 million of unpaid claims to be billed to approximately 1,010 members and 989 member governments in the future, as of December 31, 2016 and 2015, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$6,100.

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. The Township's contributions to OTARMA for the years ending December 31, 2017, 2016 and 2015 were \$13,654, \$13,085 and \$12,865, respectively.

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

Harrison Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2017

Note 7 – Debt

The Township’s debt for the year ended December 31, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Tax Increment Financing Revenue Bonds	\$890,000	Variable

The Variable Rate Tax Increment Revenue Bonds (the Bonds) were issued on November 22, 2004, in the amount of \$1,865,000 for the purpose of constructing Southwest Parkway in Harrison Commerce Center. The TIF Revenue Bonds are not secured by the full faith and credit of the Township and the taxing power of the Township is not pledged to the payment of Bonds. The Bonds are limited revenue obligations of the issuer, payable solely from the service payments in lieu of taxes and certain other funds held under the trust agreement, and will neither secure nor be secured by any other obligations or assets, if any, which the issuer may have or acquire. Under the Tax Increment Financing (TIF) Agreement the debt service requirements are initially the responsibility of the developer until the property owners pay sufficient revenues based on the increased value of the land and improvements. Debt service payments by the developer are not reflected in the Township’s financial statements. Principal and interest on the Bonds will be paid from funds drawn by the Huntington National Bank, as trustee, under an irrevocable direct pay Letter of Credit issued by Fifth Third Bank in the total amount of \$1,348,384. Payments are being made from the TIF Debt Service Fund.

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

<u>Years</u>	<u>Tax Increment Financing Revenue Bonds</u>
2018	\$127,711
2019	130,522
2020	133,234
2021	135,845
2022	143,358
2023-2024	293,557
	<u>\$964,227</u>

Note 8 – Lease

The Township entered into a lease for a fire apparatus, which was paid off during 2017. The lease payment was made from the General Fund.

Note 9 – Jointly Governed Organization

In 2003, in accordance with the provisions of Ohio Revised Code Sections 715.72 through 715.81, a joint economic development district (JEDD) between the Township and the City of Harrison (the City) was approved by an agreement between the respective legislative authorities for a period of 99 years. The JEDD was formed for the purpose of facilitating economic development and improving the economic welfare of persons residing in the Township and the City. The agreement for formation of the district provides for the levying of an income tax on properties located within the district.

Harrison Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2017

Note 10 – Interfund Transfers

Transfer activity for the year ending December 31:

Fund	Transfer In	Transfer Out
Debt Service:		
TIF Debt Service	\$105,000	\$0
Capital Projects:		
Miscellaneous Capital Projects	24,948	0
Special Revenue:		
TIF Equivalent	0	129,948
	\$129,948	\$129,948

Transfers were made in 2017 for debt service payments and to pay for acquisition of capital items.

Note 11 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System (OPERS)

Township 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 healthcare and survivor and disability benefits. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

The Ohio Revised Code (ORC) also prescribes contribution rates for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2017 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0%	17.1%	17.1%
Post-employment Health Care Benefits	1.0%	1.0%	1.0%
Total Employer	14.0%	18.1%	18.1%
Employee	10.0%	12.0%	13.0%

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contractually required contribution was \$15,218 for year 2017.

Harrison Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2017

Note 12 – Post Employment Benefits

Ohio Public Employees Retirement System (OPERS)

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. OPERS contributes 1.0% of the employer contribution to fund these benefits in 2017.

Note 13 – Fund Regulatory Cash Balances

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

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Total Governmental Funds</u>
Restricted for:					
Road and Bridge Maintenance and Improvements	\$0	\$584,693	\$0	\$0	\$584,693
TIF Equivalent	0	46,353	0	0	46,353
Debt Service	0	0	150,045	0	150,045
Total Restricted	0	631,046	150,045	0	781,091
Assigned to:					
Budgetary Resources	430,000	0	0	0	430,000
Miscellaneous Capital Projects	0	0	0	12	12
Total Assigned	430,000	0	0	12	430,012
Unassigned (Deficit)	1,794,315	0	0	0	1,794,315
Total Fund Balance	<u>\$2,224,315</u>	<u>\$631,046</u>	<u>\$150,045</u>	<u>\$12</u>	<u>\$3,005,418</u>

Note 14 – Implementation of New Accounting Principles

For the fiscal year ended December 31, 2017, the Township has implemented Governmental Accounting Standards Board GASB Statement No. 80, “Blending Requirements for Certain Component Units- An Amendment of GASB Statement No. 14” and GASB Statement No. 82, “Pension Issues- An Amendment of GASB Statements No. 67, No. 68 and No. 73”.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Township.

Harrison Township, Hamilton County
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2017

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Township.

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Harrison Township, Ohio



Yellow Book Report

December 31, 2017

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Harrison Township
Hamilton County
300 George Street
Harrison, Ohio 45030

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Harrison Township, Ohio (the Township), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated April 19, 2018 wherein we noted the Township reports on the regulatory basis of accounting and follows financial reporting provisions permitted by Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 2.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
Cincinnati, Ohio
April 19, 2018



Dave Yost • Auditor of State

HARRISON TOWNSHIP

HAMILTON 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
JUNE 7, 2018