

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2017 - DECEMBER 31, 2018**



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Township Trustees  
Harrison Township  
650 Butterbean Ridge Road  
Philo, Ohio 43771

We have reviewed the *Independent Auditor's Report* of Harrison Township, Muskingum County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2017 through December 31, 2018. 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 cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 23, 2019

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**HARRISON TOWNSHIP  
MUSKINGUM COUNTY  
JANUARY 1, 2017 - DECEMBER 31, 2018**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Harrison Township  
Muskingum County  
650 Butterbean Ridge Road  
Philo, Ohio 43771

To the Township 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, Muskingum County, as of and for the years ended December 31, 2018 and 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 opinion.

**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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonable 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 permitted 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 Harrison Township, Muskingum County as of December 31, 2018 and 2017, or changes in financial position thereof for the years then ended.

#### **Basis of Adverse Opinion on Regulatory Basis of Accounting**

During 2016, the Trustees' salaries were incorrectly allocated to the Gasoline Tax Fund, Special Revenue Fund type in the amount of \$1,313, the Road & Bridge Fund, Special Revenue Fund type in the amount of \$1,313 that should have been allocated to the General Fund in the amount of \$2,123 and the Park Levy Fund, Special Revenue Fund type of \$503. The Township declined to make these adjustments during this audit period. See note 11 for the effect on each fund.

During 2015, the Trustees' salaries were incorrectly allocated to the Gasoline Tax Fund, Special Revenue Fund type in the amount of \$3,673, and the Road & Bridge Fund, Special Revenue Fund type in the amount of \$3,673 that should have been allocated to the General Fund in the amount of \$5,775, the Park Levy Fund, Special Revenue Fund type of \$1,484 and the Fire District Fund, Special Revenue Fund type in the amount of \$87. The Township declined to make these adjustments during this audit period. See note 11 for the effect on each fund.

During 2014, the Trustees' salaries and employer fringes were incorrectly allocated to the Gasoline Tax Fund, Special Revenue Fund type in the amount of \$13,634 and the Road & Bridge Fund, Special Revenue Fund type in the amount of \$3,970 that should have been allocated to the General Fund. The Township declined to make these adjustments during this audit period. See note 11 for the effect on each fund.

During 2013, the Trustees' salaries and employer fringes were incorrectly allocated to the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$12,885 and the Road & Bridge Fund, Special Revenue Fund type in the amount of \$16,969 that should have been allocated to the General Fund. The Township declined to make these adjustments during this audit period. See note 11 for the effect on each fund.



During 2012, the Trustees' salaries and employer fringes were incorrectly allocated to the Gasoline Tax Fund in the amount of \$21,395, the Road & Bridge Fund in the amount of \$13,325, Motor Vehicle License Tax Fund in the amount of \$1,539 and the Road District Fund (all Special Revenue Fund types) in the amount of \$2,777, that should have been allocated to the General Fund in the amount of \$39,036. Also in 2012, The Township posted debt payments incorrectly to the Gasoline Tax Fund Special Revenue Fund type in the amount of \$1,319, the Firefighting Equipment Debt Service Fund, in the amount of \$1,217 and to the Pool Debt Service Fund, in the amount of \$5,893 instead of the Tractor Debt Service Fund, in the amount of \$8,429. Additionally during 2012 revenues were incorrectly posted General Fund, in the amount of \$12,062, Special Revenue Fund types, the Motor Vehicle License Tax Fund and the Road & Bridge Fund, in the amounts of \$6,889 and \$5,977, respectfully, and the Pool Debt Service Fund, in the amount of \$4,234 instead of to the Special Revenue Fund Types, the Gasoline Tax Fund, in the amount of \$2,000, the Fire District Fund, in the amount of \$4,875, the Road District Fund, in the amount of \$2,294, the Park Levy Fund in the amount of \$5,374, the Fire and Rescue Fund, in the amount of \$2,500 and the Firefighting Equipment Debt Service Fund in the amount of \$7,885, and the Tractor Debt Service Fund, in the amount of \$4,234. The Township declined to make these adjustments during this audit period and prior audit period. See note 8 for the effect on each fund.

During 2011, the Trustees' salaries and employer fringes were incorrectly allocated to the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$17,695, the Road & Bridge Fund, Special Revenue Fund type in the amount of \$9,019 and the Road District Fund, Special Revenue Fund type, in the amount of \$6,468 that should have been allocated to the General Fund. Also, the Township posted debt payments incorrectly to Park Levy Fund, Special Revenue Fund type, in the amount of \$5,476 instead of the Pool Debt Service Fund, in the amount of \$5,476. The Township declined to make these adjustments during this audit period and prior audit period. See note 8 for the effect on each fund.

#### **Adverse Opinion on Regulatory Basis of Accounting**

In our opinion, based on the effects of the matters described in the basis for Adverse Opinion on Regulatory Basis paragraph, the financial statements referred to above do not present fairly, in all material respects, the cash balances, receipts and disbursements by fund type and the related notes of Harrison Township, Muskingum County as of December 31, 2018 and 2017, 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.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 2019, on our consideration of Harrison 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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 26, 2019

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 13,745	\$ 156,907	\$ 56,210	\$ -	\$ 226,862
Charges for Services	-	39,930	-	-	39,930
Intergovernmental	20,472	249,326	-	-	269,798
Earnings on Investments	555	249	-	-	804
Miscellaneous	330	26,586	-	-	26,916
<b>Total Cash Receipts</b>	<u>35,102</u>	<u>472,998</u>	<u>56,210</u>	<u>-</u>	<u>564,310</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	23,317	-	-	-	23,317
Public Safety	-	196,931	-	-	196,931
Public Works	-	154,970	-	-	154,970
Conservation/Recreation	-	23,295	-	-	23,295
Capital Outlay	-	13,070	-	-	13,070
Debt Service:					
Principal Retirement	-	-	42,598	-	42,598
Interest and Fiscal Charges	-	-	13,595	-	13,595
<b>Total Cash Disbursements</b>	<u>23,317</u>	<u>388,266</u>	<u>56,193</u>	<u>-</u>	<u>467,776</u>
<b>Excess of Cash Receipts Over/(Under) Cash Disbursements</b>	11,785	84,732	17	-	96,534
<b>Other Cash Financing Sources</b>					
Transfers In	-	7,080	-	-	7,080
Transfers Out	-	(4,466)	-	(2,614)	(7,080)
<b>Total Other Cash Financing Sources</b>	<u>-</u>	<u>2,614</u>	<u>-</u>	<u>(2,614)</u>	<u>-</u>
<b>Net Change in Fund Cash Balance</b>	11,785	87,346	17	(2,614)	96,534
<b>Fund Cash Balances, January 1,</b>	<u>5,487</u>	<u>393,978</u>	<u>-</u>	<u>2,614</u>	<u>402,079</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	475,431	17	-	475,448
Assigned	266	5,893	-	-	6,159
Unassigned (Deficit)	17,006	-	-	-	17,006
<b>Fund Cash Balances, December 31</b>	<u>\$ 17,272</u>	<u>\$ 481,324</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 498,613</u>

See notes to financial statements.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**1. REPORTING ENTITY**

**Description of the Entity**

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

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for these entities.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. 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 and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

**B. 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:

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

**Fire District Fund** – This fund receives property tax monies for fire operations.

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

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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:

**Tractor Debt Service Fund** – This fund receives property tax monies to retire a note for the purchase of a tractor to be used for Township roads.

**Fire Trick Debt Service Fund** – This fund receives property tax monies to retire a note for the purchase of a fire truck to be used to provide fire protection.

**Capital Projects 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 Projects Funds:

**Union Hill Slip Repair** – The Township received a grant from the state (OPWC) for capital improvements. The proceeds are restricted for capital improvements.

**Moody Hollow Road Slip Repair** – The Township received a grant from the state (OPWC) for capital improvements. The proceeds are restricted for capital improvements.

**C. 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 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 117-2-03(D) permit.

**D. 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 and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process (Continued)**

**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 appears in Note 3.

**E. Deposits and Investments**

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

**F. 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.

**G. 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.

**H. 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.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Fund Balance (Continued)**

**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.

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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 34,300	\$ 35,102	\$ 802
Special Revenue	425,233	480,078	54,845
Debt Service	56,226	56,210	(16)
Total	<u>\$ 515,759</u>	<u>\$ 571,390</u>	<u>\$ 55,631</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 39,715	\$ 23,583	\$ 16,132
Special Revenue	621,686	398,625	223,061
Debt Service	56,193	56,193	-
Capital Projects	-	2,614	(2,614)
Total	<u>\$ 717,594</u>	<u>\$ 481,015</u>	<u>\$ 236,579</u>

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to ORC 5705.39, the Township had funds where appropriations exceeded estimated resources.

Contrary to ORC 5705.41(D), the Township made expenditures prior to certifications.

**4. EQUITY IN POOLED CASH**

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

	2018
Demand Deposits	<u>\$ 498,613</u>
Total Deposits	<u><u>\$ 498,613</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. 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.

**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 Township'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:

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**6. RISK MANAGEMENT(Continued)**

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

**7. DEFINED BENEFIT PENSION PLANS**

*Ohio Public Employees Retirement System*

Some of the Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2018.

*Social Security*

Several Township employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**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. OPERS contributes 2 percent of the employer contribution to fund these benefits.



**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**9. DEBT**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest rate
Bank Loan – Fire Truck	\$ 263,023	3.75%
Bank Loan – Dump Truck	76,893	3.75%
Total	\$ 339,916	

During 2016, the Township obtained a loan to finance the purchase of a dump truck to be used for maintaining township roads. The Township’s taxing authority collateralized the loan. The debt is retired from the Debt Service Fund.

During 2017, the Township obtained a loan to finance the purchase of a fire truck for Township fire protection. The Township taxing authority collateralized the loan. The debt is retired from the Fire Truck Debt Service Fund.

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

Year Ended December 31	Fire Truck	Dump Truck
2019	\$ 35,067	\$ 21,126
2020	35,067	21,126
2021	35,067	21,126
2022	35,067	21,126
2023	35,067	-
2024-2028	140,268	-
Total	\$ 315,603	\$ 84,504

**10. PUBLIC ENTITY RISK POOL**

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

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**11. FINANCIAL ADJUSTMENTS NOT MADE**

At December 31, 2011, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2011	Adjustments	Effect on
Fund	Balance	Not Made	Balance
General	\$ 6,860	\$ (33,182)	\$ (26,322)
Special Revenue			
Gasoline Tax	44,865	17,695	62,560
Road & Bridge	44,810	9,019	53,829
Road District	9,780	6,468	16,248
Park Levy	21,118	5,476	26,594
Debt Service			
Pool	5,482	(5,476)	6

At December 31, 2012, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2012	Adjustments	Effect on
Fund	Balance	Not Made	Balance
General	\$ 19,507	\$ (51,098)	\$ (31,591)
Special Revenue			
Motor Vehicle	17,591	(5,350)	12,241
Gasoline Tax	48,957	24,714	73,671
Road & Bridge	55,481	7,348	62,829
Fire District	47,035	4,875	51,910
Road District	24,896	5,071	29,967
Park Levy	17,434	5,374	22,808
Fire and Rescue	-	2,500	2,500
Debt Service			
Firefighter Equip	-	9,102	9,102
Tractor	4,286	(4,195)	91
Pool	3,904	1,659	5,563

The December 31, 2012 Balance and the Adjustments Not Made do not include the adjustments not made in 2011.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**11. FINANCIAL ADJUSTMENTS NOT MADE (Continued)**

At December 31, 2013, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2013	Adjustments	Effect on
Fund	Balance	Not Made	Balance
General	\$ 26,544	\$ (29,854)	\$ (3,310)
Special Revenue			
Gasoline Tax	51,166	12,885	64,051
Road & Bridge	57,343	16,969	74,312

The December 31, 2013 Balance and the Adjustments Not Made do not include the adjustments not made in 2011 and 2012.

At December 31, 2014, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2014	Adjustments	Effect on
Fund	Balance	Not Made	Balance
General	\$ 18,837	\$ (17,604)	\$ 1,233
Special Revenue			
Gasoline Tax	60,125	13,634	73,759
Road & Bridge	26,155	3,970	30,125

The December 31, 2014 Balance and the Adjustments Not Made do not include the adjustments not made in 2011, 2012 and 2013.

At December 31, 2015, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2015	Adjustments	Effect on
Fund	Balance	Not Made	Balance
General	\$ 23,591	\$ (5,775)	\$ 17,816
Special Revenue			
Gasoline Tax	52,961	3,673	56,634
Road & Bridge	10,307	3,673	13,980
Park Levy	24,022	(1,484)	22,538
Fire District	97,171	(87)	97,084

The December 31, 2015 Balance and the Adjustments Not Made do not include the adjustments not made in 2011, 2012, 2013 and 2014.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**11. FINANCIAL ADJUSTMENTS NOT MADE (Continued)**

At December 31, 2016, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2016	Adjustments	Effect on
Fund	Balance	Not Made	December 31, 2016
	Balance		Balance
General	\$ 38,359	\$ (2,123)	\$ 36,236
Special Revenue			
Gasoline Tax	73,502	1,313	74,815
Road & Bridge	6,376	1,313	7,689
Park Levy	37,338	(503)	36,835

The December 31, 2016 Balance and the Adjustments Not Made do not include the adjustments not made in 2011, 2012, 2013, 2014 and 2015.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 14,237	\$ 203,621	\$ 16,217	\$ -	\$ 234,075
Charges for Services	-	55,441	-	-	55,441
Intergovernmental	19,913	118,685	-	60,975	199,573
Earnings on Investments	493	147	-	-	640
Miscellaneous	1,367	22,008	-	-	23,375
<b>Total Cash Receipts</b>	<u>36,010</u>	<u>399,902</u>	<u>16,217</u>	<u>60,975</u>	<u>513,104</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	40,228	-	-	-	40,228
Public Safety	-	60,496	-	-	60,496
Public Works	-	105,973	-	-	105,973
Health	-	624	-	-	624
Conservation/Recreation	-	61,518	-	-	61,518
Capital Outlay	-	330,216	-	64,845	395,061
Debt Service:					
Principal Retirement	-	-	40,871	-	40,871
Interest and Fiscal Charges	-	-	5,246	-	5,246
<b>Total Cash Disbursements</b>	<u>40,228</u>	<u>558,827</u>	<u>46,117</u>	<u>64,845</u>	<u>710,017</u>
<b>Excess of Cash Receipts Over/(Under) Cash Disbursements</b>	(4,218)	(158,925)	(29,900)	(3,870)	(196,913)
<b>Other Cash Financing Sources</b>					
Transfers In	-	3,813	91	10,297	14,201
Other Debt Proceeds	-	288,000	-	-	288,000
Transfers Out	(3,962)	(6,426)	-	(3,813)	(14,201)
<b>Total Other Cash Financing Sources</b>	<u>(3,962)</u>	<u>285,387</u>	<u>91</u>	<u>6,484</u>	<u>288,000</u>
<b>Net Change in Fund Cash Balance</b>	(8,180)	126,462	(29,809)	2,614	91,087
<b>Fund Cash Balances, January 1, restated</b>	<u>13,667</u>	<u>267,516</u>	<u>29,809</u>	<u>-</u>	<u>310,992</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	313,331	-	2,614	315,945
Assigned	13,515	80,647	-	-	94,162
Unassigned (Deficit)	(8,028)	-	-	-	(8,028)
<b>Fund Cash Balances, December 31</b>	<u>\$ 5,487</u>	<u>\$ 393,978</u>	<u>\$ -</u>	<u>\$ 2,614</u>	<u>\$ 402,079</u>

See notes to financial statements.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**1. REPORTING ENTITY**

**Description of the Entity**

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

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for these entities.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. 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 and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

**B. 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:

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

**Fire District Fund** – This fund receives property tax monies for fire operations.

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

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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:

**EMS Building Debt Service Fund** – This fund receives property tax monies to retire a note for the purchase of a building to be used for Township EMS services.

**Tractor Debt Service Fund** – This fund receives property tax monies to retire a note for the purchase of a tractor to be used for Township roads.

**Fire Trick Debt Service Fund** – This fund receives property tax monies to retire a note for the purchase of a fire truck to be used to provide fire protection.

**Capital Projects 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 Projects Funds:

**Union Hill Slip Repair** – The Township received a grant from the state (OPWC) for capital improvements. The proceeds are restricted for capital improvements.

**Moody Hollow Road Slip Repair** – The Township received a grant from the state (OPWC) for capital improvements. The proceeds are restricted for capital improvements.

**C. 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 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 117-2-03(D) permit.

**D. 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 and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process (Continued)**

**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 2017 appears in Note 3.

**E. Deposits and Investments**

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

**F. 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.

**G. 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.

**H. 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.



**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Fund Balance (Continued)**

**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.

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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2017 is as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 49,000	\$ 36,010	\$ (12,990)
Special Revenue	396,500	691,715	295,215
Debt Service	20,000	16,308	(3,692)
Capital Projects	38,710	71,272	32,562
Total	<u>\$ 504,210</u>	<u>\$ 815,305</u>	<u>\$ 311,095</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 75,431	\$ 57,705	\$ 17,726
Special Revenue	498,364	645,900	(147,536)
Debt Service	65,647	46,117	19,530
Capital Projects	68,658	68,658	-
Total	<u>\$ 708,100</u>	<u>\$ 818,380</u>	<u>\$ (110,280)</u>

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to ORC 5705.39, the Township had funds where appropriations exceeded estimated resources.  
Contrary to ORC 5705.41(B), the Fire Levy Fund had expenditures exceeding appropriations.  
Contrary to ORC 5705.41(D), the Township made expenditures prior to certifications.

**4. EQUITY IN POOLED CASH**

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

	2017
Demand Deposits	<u>\$ 402,079</u>
Total Deposits	<u><u>\$ 402,079</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. 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.

**6. RISK MANAGEMENT**

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) 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, 2017, 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.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**6. 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, 2017.

	<u>2017</u>
Assets	\$40,010,732
Liabilities	<u>(8,675,465)</u>
Retained Earnings	<u>\$31,335,267</u>

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. 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 \$7,009.

Based on discussion with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2017	\$15,930
2016	15,654
2015	14,916

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

**7. DEFINED BENEFIT PENSION PLANS**

*Ohio Public Employees Retirement System*

Some of the Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2017.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

*Social Security*

Several Township employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**9. DEBT**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest rate
Bank Loan – Fire Truck	\$ 288,000	3.75%
Bank Loan – Dump Truck	94,513	3.75%
Total	\$ 382,513	

During 2012, the Township obtained a loan to finance the purchase of an Emergency Management Services (EMS) building for the Township EMS services. The Township's taxing authority collateralized the loan. The debt is retired from the EMS Debt Service Fund. The EMS Building Loan was paid off in 2017.

During 2016, the Township obtained a loan to finance the purchase of a dump truck to be used for maintaining township roads. The Township's taxing authority collateralized the loan. The debt is retired from the Debt Service Fund.

During 2017, the Township obtained a loan to finance the purchase of a fire truck for Township fire protection. The Township taxing authority collateralized the loan. The debt is retired from the Fire Truck Debt Service Fund.

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

Year Ended December 31	Fire Truck	Dump Truck
2018	\$ 35,067	\$ 21,126
2019	35,067	21,126
2020	35,067	21,126
2021	35,067	21,126
2022	35,067	21,126
2023-2027	175,335	-
Total	\$ 350,670	\$ 105,630

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**10. PUBLIC ENTITY RISK POOL**

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

**11. FINANCIAL ADJUSTMENTS NOT MADE**

At December 31, 2011, the following funds had adjustments which the Township declined to make in the following amounts:

				Effect on
	December 31, 2011		Adjustments	December 31, 2011
Fund	Balance		Not Made	Balance
General	\$ 6,860		\$ (33,182)	\$ (26,322)
Special Revenue				
Gasoline Tax	44,865		17,695	62,560
Road & Bridge	44,810		9,019	53,829
Road District	9,780		6,468	16,248
Park Levy	21,118		5,476	26,594
Debt Service				
Pool	5,482		(5,476)	6

At December 31, 2012, the following funds had adjustments which the Township declined to make in the following amounts:

				Effect on
	December 31, 2012		Adjustments	December 31, 2012
Fund	Balance		Not Made	Balance
General	\$ 19,507		\$ (51,098)	\$ (31,591)
Special Revenue				
Motor Vehicle	17,591		(5,350)	12,241
Gasoline Tax	48,957		24,714	73,671
Road & Bridge	55,481		7,348	62,829
Fire District	47,035		4,875	51,910
Road District	24,896		5,071	29,967
Park Levy	17,434		5,374	22,808
Fire and Rescue	-		2,500	2,500
Debt Service				
Firefighter Equip	-		9,102	9,102
Tractor	4,286		(4,195)	91
Pool	3,904		1,659	5,563

The December 31, 2012 Balance and the Adjustments Not Made do not include the adjustments not made in 2011.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**11. FINANCIAL ADJUSTMENTS NOT MADE (Continued)**

At December 31, 2013, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2013	Adjustments	Effect on
Fund	Balance	Not Made	Balance
General	\$ 26,544	\$ (29,854)	\$ (3,310)
Special Revenue			
Gasoline Tax	51,166	12,885	64,051
Road & Bridge	57,343	16,969	74,312

The December 31, 2013 Balance and the Adjustments Not Made do not include the adjustments not made in 2011 and 2012.

At December 31, 2014, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2014	Adjustments	Effect on
Fund	Balance	Not Made	Balance
General	\$ 18,837	\$ (17,604)	\$ 1,233
Special Revenue			
Gasoline Tax	60,125	13,634	73,759
Road & Bridge	26,155	3,970	30,125

The December 31, 2014 Balance and the Adjustments Not Made do not include the adjustments not made in 2011, 2012 and 2013.

At December 31, 2015, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2015	Adjustments	Effect on
Fund	Balance	Not Made	Balance
General	\$ 23,591	\$ (5,775)	\$ 17,816
Special Revenue			
Gasoline Tax	52,961	3,673	56,634
Road & Bridge	10,307	3,673	13,980
Park Levy	24,022	(1,484)	22,538
Fire District	97,171	(87)	97,084

The December 31, 2015 Balance and the Adjustments Not Made do not include the adjustments not made in 2011, 2012, 2013 and 2014.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**11. FINANCIAL ADJUSTMENTS NOT MADE (Continued)**

At December 31, 2016, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2016	Adjustments	Effect on
Fund	Balance	Not Made	December 31, 2016
			Balance
General	\$ 38,359	\$ (2,123)	\$ 36,236
Special Revenue			
Gasoline Tax	73,502	1,313	74,815
Road & Bridge	6,376	1,313	7,689
Park Levy	37,338	(503)	36,835

The December 31, 2016 Balance and the Adjustments Not Made do not include the adjustments not made in 2011, 2012, 2013, 2014 and 2015.

**12. RESTATEMENT OF FUND BALANCE**

Fund balance in the General Fund, Special Revenue Funds and Debt Service Funds been restated for the year beginning January 1, 2017 as voided checks were added back and re-allocations made to correct 2017 postings done as fund adjustments instead of correcting receipts and disbursements:

	General	Special Revenue	Debt Service
Fund Balance at December 31, 2016	\$ 21,789	\$ 292,425	\$ (4,058)
Adjustments	(8,122)	(24,909)	33,867
Fund Balance at January 1, 2017	<u>\$ 13,667</u>	<u>\$ 267,516</u>	<u>\$ 29,809</u>

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

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

Harrison Township  
Muskingum County  
650 Butterbean Ridge Road  
Philo, Ohio 43771

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Harrison Township, Muskingum County as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 26, 2019, which was adverse as the Township did not make prior audit adjustments. We also noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered Harrison Township's internal control over financial reporting (internal control) to determine 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider Finding 2018-001 and 2018-003 described in the accompanying schedule of findings to be material weaknesses.



***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Harrison 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, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed four instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-002, 2018-004, 2018-005 and 2018-006.

***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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 26, 2019

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-001**

**Material Weakness**

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Township did not have control procedures in place to ensure the accuracy of the Fiscal Officer's receipt and expenditure line item account postings. Throughout the audit period, numerous receipts and expenditures were not always posted to accurate receipt or expenditure classifications based on upon the source of the receipt and the nature of the expenditure.

The following relate to 2018:

- A reclassification of \$1,658 was made to increase Intergovernmental Revenue and decrease Property and Other Local Taxes in the General Fund for proper posting of Rollbacks.
- A reclassification of \$5,578, \$5,204, \$2,340 and \$3,304 was made to increase Intergovernmental Revenue and decrease Property and Other Local Taxes in the Road & Bridge Fund, Fire District Fund, Road District Fund and Park Levy Fund, respectively, for proper posting of Rollbacks.
- A reclassification of \$757 was made to increase Principal Retirement and decrease Interest and Fiscal Charges in the Debt Service Funds to properly show debt paid.

The following relate to 2017:

- A reclassification of \$822 was made to increase Intergovernmental Revenue and decrease Property and Other Local Taxes in the General Fund for proper posting of Rollbacks.
- A reclassification of \$2,772, \$2,577, \$1,167 and \$1,636 was made to increase Intergovernmental Revenue and decrease Property and Other Local Taxes in the Road & Bridge Fund, Fire District Fund, Road District Fund and Park Levy Fund, respectively, for proper posting of Rollbacks.
- A reclassification of \$159 was made to decrease Principal Retirement and increase Interest and Fiscal Charges in the Debt Service Funds to properly show debt paid.
- A reclassification of \$7,800 was made to increase Capital Outlay and decrease Public Works in the Road & Bridge Fund.
- An adjustment was made to increase Debt Proceeds and increase Capital Outlay in the Fire Levy Fund for the issuance of new debt in 2017.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-001 (Continued)**

These adjustments have been posted to the financial statements and the accounting system.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting debt payments to the accounting system so the year-end financial statements properly reflect the Townships transactions.

Client Response: We received no response from the client

**FINDING NUMBER 2018-002**

**Noncompliance**

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Township.
- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Township has approved their use and established maximum amounts.
- Super Blanket Certificates. The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2018-002 (Continued)**

The Township did not certify the availability of funds prior to the purchase commitment for 39% of expenditures tested. For these item the Township also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: We received no response from the client.

**FINDING NUMBER 2018-003**

**Material Weakness**

During our review of the Township's disbursement system, we noted the following:

- Voucher packages did not consistently include invoices as supporting documentation to support the payment being made.

These conditions did not allow for proper documentation of certain disbursements and resulted in the Township not being able to properly reconcile their accounting system to the bank.

We recommend the Township consider implementing the following procedures to strengthen the internal controls over the proper disbursement of public funds.

- Voucher packages should contain evidence to support the expenditure, such as an invoice.

Client Response: We received no response from the client.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2018-004**

**Noncompliance**

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

At December 31, 2017, the Fire District Fund had expenditures exceeding appropriation by \$215,496.

We recommend the Board of Trustees and Fiscal Officer compare, expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Board of Trustees should take necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

Client Response: We received no response from the client

**FINDING NUMBER 2018-005**

**Noncompliance**

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total of estimated resources.

Based on tests performed, in 2018, we noted the OPWC Moody Hollow Fund had appropriations exceeding estimated resources by \$2,614.

Based on tests performed, in 2017, we noted the Note Retirement Backhoe Fund and OPWC Moody Hollow Fund had appropriations exceeding estimated resources by \$673 and \$29,98, respectively.

Failure to monitor estimated resources and appropriations could result in the Township committing funds to be spent which are not available to spend.

We recommend the Township compare estimated resources to appropriations in all funds that are legally required to be budgeted, at the legal level of control, prior to making expenditure commitments, and make all necessary adjustments to ensure compliance with the above requirements.

Client Response: We received no response from the client.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2018-006**

**Noncompliance**

Ohio Revised Code Chapter 133 allows various methods for subdivisions to incur debt. Section 133.22 allows a subdivision to issue anticipatory securities, Section 133.10 allows anticipation securities in anticipation of current property tax revenues, Section 133.14 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 and Section 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question is issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In 2017, the Township signed a promissory note with a local bank to purchase a Fire Truck in the amount of \$28,000. This type of debt does not meet the criteria for any of the debt allowed in Ohio Revised Code Chapter 133.

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.

We recommend the Township contact their legal counsel before incurring any future debt.

Client Response: We have not received a response from the client.

**HARRISON TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2018**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2012-001	Finding for recovery was issued in the amount of \$531.68 against Delores Mahon for salary overpayment	No	Not Corrected: The Township has not collected any of the Findings for Recovery from Delores Mahon
2016-001	ORC 507.09 and 505.24 ( C Certification of Trustee payroll	No	Finding No Longer Valid
2016-002	ORC 5705.10(D) Misposting of Rollback and Homestead receipts	Yes	Finding No Longer Valid
2016-003	Material Weakness Reclassifications	No	Not Corrected - Refer to Findng 2018-001
2016-004	ORC 5705.41 (D) (1) Prior certification of money available to spend	No	Not Corrected - Refer to Findng 2018-002
2016-005	Material Weakness Voucher packages and checks recorded	No	Not Corrected - Refer to Findng 2018-003
2016-006	ORC 5705.41 (B) Expenditures exceeding appropriations	No	Not Corrected - Refer to Findng 2018-004
2016-007	ORC 5705.39 appropriations exceeding estimated revenue	No	Not Corrected - Refer to Findng 2018-005

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# OHIO AUDITOR OF STATE KEITH FABER



**HARRISON TOWNSHIP**

**MUSKINGUM 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  
SEPTEMBER 5, 2019**