



OHIO AUDITOR OF STATE
KEITH FABER



HARRISON TOWNSHIP
GALLIA COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Harrison Township
Gallia County
1270 Little Bullskin Road
Patriot, Ohio 45658

To the Board of Trustees:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy 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 the Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and the related notes of Harrison Township, Gallia County, Ohio, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 9 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 8, 2020

Harrison Township

Gallia County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$12,579	\$21,118	\$0	\$33,697
Charges for Services	0	2,500	0	2,500
Intergovernmental	23,057	145,269	102,929	271,255
Earnings on Investments	491	4	0	495
Miscellaneous	1,810	777	0	2,587
<i>Total Cash Receipts</i>	<u>37,937</u>	<u>169,668</u>	<u>102,929</u>	<u>310,534</u>
Cash Disbursements				
Current:				
General Government	27,954	8,600	0	36,554
Public Safety	0	46,239	0	46,239
Public Works	3,942	92,401	55,341	151,684
Health	4,505	0	0	4,505
Capital Outlay	230	9,664	0	9,894
Debt Service:				
Principal Retirement	0	12,183	0	12,183
Interest and Fiscal Charges	0	352	0	352
<i>Total Cash Disbursements</i>	<u>36,631</u>	<u>169,439</u>	<u>55,341</u>	<u>261,411</u>
<i>Excess of Receipts Over Disbursements</i>	<u>1,306</u>	<u>229</u>	<u>47,588</u>	<u>49,123</u>
Other Financing Receipts				
Debt Proceeds	0	5,002	0	5,002
Other Financing Sources	0	601	0	601
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>5,603</u>	<u>0</u>	<u>5,603</u>
<i>Net Change in Fund Cash Balances</i>	1,306	5,832	47,588	54,726
<i>Fund Cash Balances, January 1</i>	<u>27,658</u>	<u>122,133</u>	<u>0</u>	<u>149,791</u>
Fund Cash Balances, December 31				
Restricted	0	127,965	47,588	175,553
Assigned	14,261	0	0	14,261
Unassigned	14,703	0	0	14,703
<i>Fund Cash Balances, December 31</i>	<u>\$28,964 #</u>	<u>\$127,965 #</u>	<u>\$47,588</u>	<u>\$204,517</u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Harrison Township, Gallia County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township has a volunteer fire department to provide fire services.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Notes 6 to the financial statements provides additional information for this entity. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Fire Fund The fire fund collects property tax money for the Fire Department to provide fire services.

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 funds:

FEMA Fund The Township received a FEMA grant as a result of a flood damage in 2018 to be used to repair township roads and slips.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

Budgetary Process

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

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

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. The Township did not encumber all commitments required by Ohio law.

A summary of 2019 budgetary activity appears in Note 3.

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.

Capital Assets

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

Fund Balance

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

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

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

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

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

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

Note 3 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,481	\$37,937	\$3,456
Special Revenue	160,931	175,271	14,340
Capital Projects	91,120	102,929	11,809
Total	\$286,532	\$316,137	\$29,605

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

Note 3 – Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,000	\$36,631	\$18,369
Special Revenue	188,740	169,439	19,301
Capital Projects	89,871	55,341	34,530
Total	\$333,611	\$261,411	\$72,200

Note 4 – Deposits

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

	2019
Demand deposits	\$204,517

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Property Taxes

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

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

Note 6 – Risk Management

Risk Pool Membership

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

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

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

Note 6 – Risk Management (Continued)

- Property
- Equipment breakdown

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

One of the Township's officials 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, 2019.

Note 8 – Postemployment Benefits

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

Note 9 – Subsequent Events

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

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Harrison Township

Gallia County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$12,720	\$22,135	\$34,855
Charges for Services	0	3,000	3,000
Intergovernmental	22,910	115,936	138,846
Earnings on Investments	24	0	24
Miscellaneous	140	8,896	9,036
<i>Total Cash Receipts</i>	<u>35,794</u>	<u>149,967</u>	<u>185,761</u>
Cash Disbursements			
Current:			
General Government	32,214	1,896	34,110
Public Safety	0	38,335	38,335
Public Works	4,500	99,516	104,016
Health	4,325	0	4,325
Capital Outlay	178	15,117	15,295
Debt Service:			
Principal Retirement	0	6,978	6,978
Interest and Fiscal Charges	0	549	549
<i>Total Cash Disbursements</i>	<u>41,217</u>	<u>162,391</u>	<u>203,608</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,423)</u>	<u>(12,424)</u>	<u>(17,847)</u>
Other Financing Receipts			
Debt Proceeds	0	14,159	14,159
Sale of Capital Assets	0	25,600	25,600
Other Financing Sources	2,102	4,501	6,603
<i>Total Other Financing Receipts</i>	<u>2,102</u>	<u>44,260</u>	<u>46,362</u>
<i>Net Change in Fund Cash Balances</i>	(3,321)	31,836	28,515
<i>Fund Cash Balances, January 1</i>	<u>30,979</u>	<u>90,297</u>	<u>121,276</u>
Fund Cash Balances, December 31			
Restricted	0	122,133	122,133
Assigned	20,519	0	20,519
Unassigned	7,139	0	7,139
<i>Fund Cash Balances, December 31</i>	<u>\$27,658</u>	<u>\$122,133</u>	<u>\$149,791</u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Harrison Township, Gallia County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township has a volunteer fire department to provide fire services.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Notes 6 to the financial statements provide additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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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:

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

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

Fire Fund The fire fund collects property tax money for the Fire Department to provide fire services.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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).

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

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

Budgetary Process

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

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

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. The Township did not encumber all commitments required by Ohio law.

A summary of 2018 budgetary activity appears in Note 3.

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.

Capital Assets

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

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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
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Note 3 – Budgetary Activity

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,959	\$37,896	\$3,937
Special Revenue	145,048	194,227	49,179
Total	\$179,007	\$232,123	\$53,116

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,000	\$41,217	\$13,783
Special Revenue	177,000	162,391	14,609
Total	\$232,000	\$203,608	\$28,392

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

Note 4 – Deposits

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

	<u>2018</u>
Demand deposits	\$149,791

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Property Taxes

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

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

Note 6 – Risk Management

Risk Pool Membership

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

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

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

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

Note 6 – Risk Management (Continued)

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

One of the Township’s officials 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.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 1 percent during calendar year 2018.

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Valley Bank Loan	\$7,181	5%

The Township issued a bank note to finance the purchase of a back hoe.

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

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	OPWC Loan
<u>2019</u>	<u>\$7,279</u>

OHIO AUDITOR OF STATE KEITH FABER



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The Plains, Ohio 45780-1231
(740) 594-3300 or (800) 441-1389
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Harrison Township
Gallia County
1270 Little Bullskin Road
Patriot, Ohio 45658

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Harrison Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 8, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2019-002, 2019-004 and 2019-005 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as Findings 2019-001 through 2019-003.

Township's Responses to Findings

The Township's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 8, 2020

**HARRISON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
FOR YEARS ENDING DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Noncompliance

Ohio Rev. Code Chapter 133 authorizes certain methods by which subdivisions may incur debt.

Ohio Rev. Code § 133.22 provides a subdivision may issue anticipatory-securities if it meets the requirements outlined in the statute.

Ohio Rev. Code § 133.10 permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

Ohio Rev. Code § 133.15 provides a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct.

Ohio Rev. Code § 133.18 provides the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

During 2018, the Township issued a promissory note in the amount of \$14,159 and made principal payments on the promissory note in the amount of \$6,978. This note was used to purchase a dump truck. During 2019, an additional \$2,375 in principal payments were made on this note before issuing a new promissory note in the amount of \$5,002 that paid off the previous loan (principal, interest and loan fee). Then an additional \$5,002 of principal payments were made in 2019 to pay off this second note.

This type of debt is not authorized in Ohio Rev. Code Chapter 133. Without a statutory provision authorizing this method for incurring debt, the Township was not permitted to use such a method. The Township had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Township.

The Township should consult with legal counsel before incurring debt, to determine if the debt is authorized by statute.

Officials' Response:

The Township will seek counsel before any further debt be incurred.

**HARRISON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
FOR YEARS ENDING DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-002

Noncompliance Citation and Material Weakness

Ohio Rev. Code § 507.09(D) provides a township fiscal officer may be compensated from the township general fund or from other township funds based on the proportion of time the township fiscal officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services related to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services performed.

For 2019, pursuant to a unanimously approved salary resolution, the salary of the Fiscal Officer was paid 34% from the General Fund, 33% from the Gasoline Tax Fund and 33% from the Fire Levy Fund. However, the Fiscal Officer did not certify time spent on Township business and the type of services performed on these funds. In the absence of monthly certifications, the Fiscal Officer's salary should be entirely posted to the General Fund. The Township charged 33% of the Fiscal Officer's salary to the Gasoline Tax Fund (\$4,633) and 33% to the Fire Fund (\$4,633). Notwithstanding the salary resolution, there was no documentation to support charging any portion of the FO's salary to this restricted funds as monthly certifications were not signed.

The Township has posted the adjustment to UAN. The audited financial statements have also been adjusted for items noted above.

The Township Fiscal Officer should document time spent on various duties on a monthly certification. Once the time spent is certified, the Fiscal Officer's salaries and related benefits should be charged to the applicable funds in accordance with the signed certification of the allocation of payroll.

Officials' Response:

The new fiscal officer started certifying her time when she started April 1, 2020.

FINDING NUMBER 2019-003

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) states, in part, that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrants shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement states 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, blank certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**HARRISON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
FOR YEARS ENDING DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-003 (Continued)

Noncompliance (Continued)

1. "Then and Now" Certificate – 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 thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of 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 expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not exceeding an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. The blanket certificate may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

3. Super Blanket Certificate – 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 reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

13% of the disbursements tested were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

The Board of Trustees should obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. 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 appropriation code, to reduce the available appropriation.

Officials' Response:

The Trustee and Fiscal Officer are working more closely on the certification of funds prior to purchases to reduce the risk of overspending.

**HARRISON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
FOR YEARS ENDING DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-004

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were noted in the financial statements that required audit adjustment or reclassification:

2018:

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.176 requires reporting amounts as assigned when subsequent appropriations exceed estimated receipts. The Township incorrectly reported the assigned portion of the General Fund's cash fund balance as unassigned, in the amount of \$20,519.
- General Fund miscellaneous receipts and unassigned fund balance were understated \$140.
- General Fund other financing uses were overstated and public works expenditures were understated \$4,000.
- MVL Fund debt proceeds of \$2,832, related capital outlay disbursements of \$2,800, and interest and finance charges of \$32 were all unrecorded.
- MVL Fund debt service principal and interest disbursements were understated \$1,396 and \$77 respectively, while capital outlay disbursements were overstated \$1,473.
- Gas Fund debt proceeds of \$11,327, related capital outlay disbursements of \$11,200, and interest and finance charges of \$127 were all unrecorded.
- Gas Fund debt service principal and interest disbursements were understated \$5,582 and \$313 respectively, while capital outlay disbursements were overstated \$5,895.
- Fire Fund public safety disbursements were understated and capital outlay disbursements were overstated \$12,356.
- Fire Fund other financing sources were overstated \$31,383 while intergovernmental receipts were understated \$5,102, miscellaneous receipts were understated \$541, sale of assets were understated \$25,600 and restricted fund balance was overstated \$140.

2019:

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.176 requires reporting amounts as assigned when subsequent appropriations exceed estimated receipts. The Township incorrectly reported the assigned portion of the General Fund's cash fund balance as unassigned, in the amount of \$14,261.
- General Fund other financing sources were overstated \$2,046 while intergovernmental receipts were understated \$103, miscellaneous receipts were understated \$1,810 and unassigned fund balance was overstated \$133.
- General Fund other financing uses were overstated and public works disbursements were understated \$3,888.

**HARRISON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
FOR YEARS ENDING DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-004 (Continued)

Material Weakness (Continued)

- General Fund taxes were overstated and intergovernmental receipts were understated \$1,858.
- MVL Fund debt proceeds of \$1,001, debt service principal and interest disbursements of \$961 and \$40, respectively, were all unrecorded.
- MVL Fund debt service principal and interest disbursements were understated \$1,476 and \$31 respectively, while capital outlay disbursements were overstated \$1,507.
- Gas Fund debt proceeds of \$4,001, debt service principal and interest disbursements of \$3,845 and \$156, respectively, were all unrecorded.
- Gas Fund debt service principal and interest disbursements were understated \$5,901 and \$125 respectively, while capital outlay disbursements were overstated \$6,026.
- Fire Fund public safety disbursements were understated \$21,592, capital outlay disbursements were overstated \$9,395 and other financing uses were overstated \$12,197.
- Fire Fund intergovernmental receipts were understated \$26,853, taxes were overstated \$3,113, miscellaneous receipts were overstated \$9,336, and other financing sources were overstated \$14,404.
- Fire Fund miscellaneous receipts and restricted fund balance were understated \$133.
- FEMA Fund intergovernmental receipts were understated and other financing sources were overstated \$102,929.
- FEMA Fund public works disbursements were understated and other financing uses were overstated \$55,341.
- An interest receipt was incorrectly posted as an expenditure which was corrected by doing a beginning fund balance adjustment rather than correcting the receipt and expenditure posting. As a result, General Fund general government expenditures were overstated \$8, interest receipts were understated \$8 and beginning fund balance was overstated \$16 and Fire Fund public safety disbursements were overstated \$4, interest receipts were understated \$4 and restricted fund balance was overstated \$8.
- As a result of the adjustment noted in Finding 2019-002, General Fund general government disbursements were understated and unassigned fund balance was overstated \$9,266 while Gas Fund public works disbursements were overstated and restricted fund balance was understated \$4,633 and Fire Fund public safety disbursements were overstated and restricted fund balance was understated \$4,633.

We also noted the 2019 Notes to the Financial Statements omitted the appropriations vs. budgetary basis expenditures table.

The audited financial statements and notes to the financial statements have been adjusted for items noted above. The Township has also made required adjustments in the UAN system.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Fiscal Officer should review the Township Manual for guidance on the correct line item to post various receipts and disbursements of the Township. The Fiscal Officer should also review Auditor of State Bulletin 2011-004 for Statement No. 54 of the Governmental Accounting Standards Board (GABS) for proper reporting of fund balances on the financial statements.

**HARRISON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
FOR YEARS ENDING DECEMBER 31, 2019 AND 2018
(Continued)**

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

FINDING NUMBER 2019-004 (Continued)

Material Weakness (Continued)

Officials' Response:

The Fiscal Officer will review and the Township Manual for guidance when completing future financial statements.

FINDING NUMBER 2019-005

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Trustees to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Trustees are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Entity and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

Appropriations per the Appropriation Resolution did not agree to amounts in UAN at December 31, 2019 as follows:

Fund	Approved Appropriations	Appropriations per UAN	Variance
Gasoline Tax Fund	\$105,000	\$104,000	\$1,000

Additionally, the Notes to the Financial Statements did not include a table for appropriations vs. budgetary expenditures in 2019.

Estimated Receipts per the amended certificate did not agree to amounts in UAN at December 31, 2019 as follows:

**HARRISON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
FOR YEARS ENDING DECEMBER 31, 2019 AND 2018
(Continued)**

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

FINDING NUMBER 2019-005 (Continued)

Material Weakness (Continued)

Fund	Estimated Receipts Per Amended Certificate	Estimated Receipts per UAN	Variance
Fire Levy Fund	\$56,331	\$55,331	\$1,000
Misc. Fire Fund	0	5,000	(5,000)

Estimated Receipts per the amended certificate did not agree to amounts in UAN at December 31, 2018 as follows:

Fund	Estimated Receipts Per Amended Certificate	Estimated Receipts per UAN	Variance
Misc. Fire Fund	\$8,000	\$10,000	(\$2,000)

The amounts posted in UAN were also incorrectly used in the Notes to the Financial Statements.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Trustees were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not properly posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Trustees. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response

The Township will accurately post authorized budgetary measures to the accounting system and the certificate of estimated resources to the accounting system.

Harrison Township Gallia County

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Noncompliance with Ohio Rev. Code § 9.38 for not timely depositing public funds	Corrected	
2017-002	Noncompliance with Ohio Rev. Code § 5705.41(D)(1) for not properly encumbering	Not Corrected	We have since start using blanket certificates and we will start implementing Then and Now certificates when necessary.
2017-003	Material Weakness for significant audit adjustments and reclassifications required to the townships records	Not Corrected	Additional adjustments were required during 2019-2018.

OHIO AUDITOR OF STATE KEITH FABER



HARRISON TOWNSHIP

GALLIA 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 25, 2020**