



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

HARRISON TOWNSHIP
PICKAWAY COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018
Fiscal Years Audited Under GAGAS: 2019 and 2018

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Trustees
Harrison Township
PO Box 22
Ashville, OH 43103

We have reviewed the *Independent Auditor's Report* of Harrison Township, Pickaway County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

August 10, 2020

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Harrison Township
Pickaway County
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INDEPENDENT AUDITOR'S REPORT

Harrison Township
Pickaway County
P.O. Box 22
Ashville, Ohio 43103

To the Board of Trustees:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

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 related notes of Harrison Township, Pickaway County as of December 31, 2019 and 2018, 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 1.

Emphasis of Matter

As discussed in Note 12 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 12, 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.



BHM CPA Group, Inc.
Piketon, Ohio
June 12, 2020

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Taxes	\$ 90,237	\$ 1,216,178	\$ -	\$ 1,306,415
Charges for Services	-	1,467,331	-	1,467,331
Licenses, Permits & Fees	20,807	31,152	-	51,959
Intergovernmental	21,206	203,831	-	225,037
Earnings on Investments	46,689	3,925	-	50,614
Miscellaneous	29,610	39,675	-	69,285
Total Cash Receipts	<u>208,549</u>	<u>2,962,092</u>	<u>-</u>	<u>3,170,641</u>
Cash Disbursements:				
Current:				
General Government	201,704	-	-	201,704
Public Safety	370	1,994,919	-	1,995,289
Public Works	-	286,789	-	286,789
Health	11,715	50,604	-	62,319
Capital Outlay	1,008	265,115	-	266,123
Debt Service:				
Redemption of Principal	-	-	65,498	65,498
Interest and Fiscal Charges	-	-	7,410	7,410
Total Cash Disbursements	<u>214,797</u>	<u>2,597,427</u>	<u>72,908</u>	<u>2,885,132</u>
Excess of Receipts Over/(Under) Disbursements	(6,248)	364,665	(72,908)	285,509
Other Financing Receipts (Disbursements):				
Transfers-In	-	84,000	72,908	156,908
Transfers-Out	(84,000)	(72,908)	-	(156,908)
Total Other Financing Receipts (Disbursements)	<u>(84,000)</u>	<u>11,092</u>	<u>72,908</u>	<u>-</u>
Net Change in Fund Cash Balances	(90,248)	375,757	-	285,509
Fund Cash Balances, January 1	<u>1,355,394</u>	<u>2,306,124</u>	<u>-</u>	<u>3,661,518</u>
Fund Cash Balances, December 31				
Restricted	-	2,681,881	-	2,681,881
Unassigned (Deficit)	1,265,146	-	-	1,265,146
Fund Cash Balances, December 31	<u>\$ 1,265,146</u>	<u>\$ 2,681,881</u>	<u>\$ -</u>	<u>\$ 3,947,027</u>

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

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Township participates in jointly governed organizations, joint ventures and a public entity risk pool. Notes 8 and 11 to the financial statements provide additional information for these entities.

Joint Ventures:

- North Gate Alliance Cooperative Economic Development Agreement (CEDA) – The Township Board of Trustees approved an agreement with the Board of County Commissioners, Pickaway County, Ohio, The Village of Ashville, Ohio, and the Village of South Bloomfield, Ohio (“South Bloomfield”) to cooperate in creating and preserving jobs and employment opportunities and to cooperate in including and fostering economic development.
- Northern Pickaway County Joint Economic Development District (JEDD) – The Township Board of Trustees approved the formation of this district with the City of Columbus and the Village of Ashville. The parties have entered into a contract to create and provide for the operation of the JEDD in accordance with sections 715.72 through 715.83 of the Revised Code. The purpose of the JEDD is to facilitate economic development, to create or preserve jobs and employment opportunities, and to improve the economic welfare of the people in the State of Ohio, Pickaway County, Columbus, Ashville and Harrison Township.

Public Entity Risk Pool:

- Ohio Township Risk Management Authority (OTARMA) – This risk-sharing pool, available to Ohio Townships provides property and casualty insurance for its members.

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

B. Accounting Basis

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

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

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

C. Deposits and Investments

The Township's accounting basis includes investments in nonnegotiable certificates of deposit and maintained checking accounts with local financial institutions. The nonnegotiable certificates of deposit are reported at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. 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 and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire District Fund – This fund receives property tax money to provide fire protection for the Township residents.

Cemetery Fund – This fund receives fees for sale of cemetery plots and burials.

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

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

3. Debt Service Funds

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Debt Service Fund – This fund receives transfers from other funds to pay debt service expenditures.

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

E. Budgetary Process

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

1. 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. 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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled and re-appropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

3. Committed

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

HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)

4. 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.

5. 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.

G. Property, Plant, and Equipment

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

H. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2019
Demand deposits	<u>\$2,482,008</u>
Certificates of deposit	<u>1,465,019</u>
Total deposits	<u>\$3,947,027</u>

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

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$271,300	\$208,549	(\$62,751)
Special Revenue	3,314,150	3,046,092	(268,058)
Debt Service	81,000	72,908	(8,092)
Total	\$3,666,450	\$3,327,549	(\$338,901)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$376,950	\$298,797	\$78,153
Special Revenue	3,534,650	2,670,335	864,315
Debt Service	72,915	72,908	7
Total	\$3,984,515	\$3,042,040	\$942,475

4. PROPERTY TAX

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

5. DEBT

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
2017 Ambulance	\$33,858	2.69%
2017 Fire Engine	\$176,200	2.69%
Total	\$210,058	

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

Year ending December 31:	Ambulance	Engine	Totals
2020	34,770	38,138	72,908
2021		38,138	38,138
2022		38,138	38,138
2023		38,138	38,138
2024		38,138	38,138
Total	\$34,770	\$190,690	225,460

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). Part-time Firefighters and The Zoning Board members who are paid per meeting contribute to Social Security. OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OP&F participants contributed 12.25% of their wages. For 2019 the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2019, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Social Security

Some of the Township's 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, 2019.

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

7. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits

8. 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 (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:

	2019
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

10. INTERFUND ACTIVITY

A transfer was made during 2019 from the Fire District Fund to the Debt Service Fund for the debt retirement obligations of \$72,908.

A transfer of \$84,000 was made during 2019 from the General Fund to the Cemetery Fund for purchase of a columbarium and a portion of the purchase of an excavator and trailer.

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

11. JOINT VENTURES

North Gate Alliance Cooperative Economic Development Agreement (CEDA) – The CEDA, which was passed by a resolution dated December 6, 2004, was created for the contracting parties to cooperate in creating and preserving jobs and employment opportunities and to cooperate in inducing and fostering economic development in the northern portion of the county. The CEDA agreement addresses the issues of utility services, annexation, road maintenance, fire and emergency service, and joint planning in the CEDA area, which includes all of the unincorporated Harrison Township. The North Gate Alliance CEDA also provides for the sharing of income tax on any new businesses locating in the agreement area.

Northern Pickaway County Joint Economic Development District (JEDD) – The JEDD, which was passed by resolution #06-02 dated June 19, 2006, was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Pickaway County, Columbus, Ashville, the Township and the District. The contracting parties have previously contributed an aggregate amount of \$18,468. to pay initial formation, administration and other costs related to the District. The Township contributed \$3294. of the initial costs in 2006. A Board of Directors has been established, which includes one member representing Columbus; one representing the Township; and one member selected by the two members described above. As businesses locate in the JEDD, one representative from a company within the JEDD will be on the board and one representative from workers in the JEDD will be on the board. The Board shall adopt bylaws of, and procedures for the regulations of the affairs of the Board and the conduct of business of the Board consistent with the Contract including the election of Board officers, the holdings and conducting of regular and special meetings, obtaining fiduciary bonds in connection with the Board's duties, the appropriations procedures to provide for payment of the expenses of the District and distribution of income tax revenues pursuant to the Contract, and the purchasing of goods and services and the making of capital improvements. The District's fiscal year shall be the calendar year. The Board shall adopt an annual budget for the District.

Overriding the JEDD agreement is an Annexation Moratorium Agreement dated August 30, 2007 by and among the City of Columbus, the Village of Ashville, the Village of South Bloomfield and the Township. This agreement established a 50-year moratorium on annexation of an area of land bounded by the Township line in the east, the Scioto River in the west and Duvall Road in the south by any of the municipalities that are party to the agreement.

12. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 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
PICKAWAY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Taxes	\$ 94,525	\$ 1,297,462	\$ -	\$ 1,391,987
Charges for Services	-	1,018,745	-	1,018,745
Licenses, Permits & Fees	596,495	26,850	-	623,345
Intergovernmental	36,508	186,229	-	222,737
Earnings on Investments	20,343	1,617	-	21,960
Miscellaneous	26,805	71,034	-	97,839
	<u>774,676</u>	<u>2,601,937</u>	<u>-</u>	<u>3,376,613</u>
Cash Disbursements:				
Current:				
General Government	167,242	-	-	167,242
Public Safety	-	2,007,477	-	2,007,477
Public Works	-	196,484	-	196,484
Health	14,220	58,577	-	72,797
Capital Outlay	1,950	79,260	-	81,210
Debt Service:				
Redemption of Principal	-	-	63,780	63,780
Interest and Fiscal Charges	-	-	9,128	9,128
	<u>183,412</u>	<u>2,341,798</u>	<u>72,908</u>	<u>2,598,118</u>
Excess of Receipts Over/(Under) Disbursements	591,264	260,139	(72,908)	778,495
Other Financing Receipts (Disbursements):				
Transfers-In	-	41,000	72,908	113,908
Transfers-Out	(41,000)	(72,908)	-	(113,908)
	<u>(41,000)</u>	<u>(31,908)</u>	<u>72,908</u>	<u>-</u>
Net Change in Fund Cash Balances	550,264	228,231	-	778,495
Fund Cash Balances, January 1	805,130	2,077,893	-	2,883,023
Fund Cash Balances, December 31				
Restricted	-	2,306,124	-	2,306,124
Assigned	105,650	-	-	105,650
Unassigned (Deficit)	1,249,744	-	-	1,249,744
	<u>\$ 1,355,394</u>	<u>\$ 2,306,124</u>	<u>\$ -</u>	<u>\$ 3,661,518</u>

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

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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Joint Ventures:

- North Gate Alliance Cooperative Economic Development Agreement (CEDA) – The Township Board of Trustees approved an agreement with the Board of County Commissioners, Pickaway County, Ohio, The Village of Ashville, Ohio, and the Village of South Bloomfield, Ohio (“South Bloomfield”) to cooperate in creating and preserving jobs and employment opportunities and to cooperate in including and fostering economic development.
- Northern Pickaway County Joint Economic Development District (JEDD) – The Township Board of Trustees approved the formation of this district with the City of Columbus and the Village of Ashville. The parties have entered into a contract to create and provide for the operation of the JEDD in accordance with sections 715.72 through 715.83 of the Revised Code. The purpose of the JEDD is to facilitate economic development, to create or preserve jobs and employment opportunities, and to improve the economic welfare of the people in the State of Ohio, Pickaway County, Columbus, Ashville and Harrison Township.

Public Entity Risk Pool:

- Ohio Township Risk Management Authority (OTARMA) – This risk-sharing pool, available to Ohio Townships provides property and casualty insurance for its members.

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

B. Accounting Basis

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

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

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

C. Deposits and Investments

The Township's accounting basis includes investments in nonnegotiable certificates of deposit and maintained checking accounts with local financial institutions. The nonnegotiable certificates of deposit are reported at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. 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 and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire District Fund – This fund receives property tax money to provide fire protection for the Township residents.

Cemetery Fund – This fund receives fees for sale of cemetery plots and burials.

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

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

3. Debt Service Funds

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Debt Service Fund – This fund receives transfers from other funds to pay debt service expenditures.

E. Budgetary Process

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

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

1. 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. 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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled and re-appropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

5. 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.

G. Property, Plant, and Equipment

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

H. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2018</u>
Demand deposits	<u>\$2,224,158</u>
Certificates of deposit	<u>1,437,360</u>
Total deposits	<u>\$3,661,518</u>

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

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$172,300	\$774,676	\$602,376
Special Revenue	2,555,250	2,642,937	87,687
Debt Service	82,200	72,908	(9,292)
Total	\$2,809,750	\$3,490,521	\$680,771

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$266,150	\$224,412	\$41,738
Special Revenue	2,684,700	2,414,706	269,994
Debt Service	82,200	72,908	9,292
Total	\$3,033,050	\$2,712,026	\$321,024

4. PROPERTY TAX

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

5. DEBT

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
2017 Ambulance	\$66,830	2.69%
2017 Fire Engine	\$208,726	2.69%
Total	\$275,556	

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

Year ending December 31:	Ambulance	Engine	Totals
2019	\$34,770	\$38,138	\$72,908
2020	34,770	38,138	72,908
2021		38,138	38,138
2022		38,138	38,138
2023		38,138	38,138
2024		38,138	38,138
Total	\$69,540	\$228,828	298,368

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). Part-time Firefighters and The Zoning Board members who are paid per meeting contribute to Social Security. OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OP&F participants contributed 12.25% of their wages. For 2018 the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2018, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Social Security

Some of the Township's 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.

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

7. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits

8. 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 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:

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

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

10. INTERFUND ACTIVITY

A transfer was made during 2018 from the Fire District Fund to the Debt Service Fund for the debt retirement obligations of \$72,908.

A transfer of \$5,000. was made during 2018 from the General Fund to the Cemetery Fund for cemetery equipment.

A transfer of \$36,000. was made during 2018 from the General Fund to the Fire Fund to install emergency exit stairs.

11. JOINT VENTURES

North Gate Alliance Cooperative Economic Development Agreement (CEDA) – The CEDA, which was passed by a resolution dated December 6, 2004, was created for the contracting parties to cooperate in creating and preserving jobs and employment opportunities and to cooperate in inducing and fostering economic development in the northern portion of the county. The CEDA agreement addresses the issues of utility services, annexation, road maintenance, fire and emergency service, and joint planning in the CEDA area, which includes all of the unincorporated Harrison Township. The North Gate Alliance CEDA also provides for the sharing of income tax on any new businesses locating in the agreement area.

Northern Pickaway County Joint Economic Development District (JEDD) – The JEDD, which was passed by resolution #06-02 dated June 19, 2006, was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Pickaway County, Columbus, Ashville, the Township and the District. The contracting parties have previously contributed an aggregate amount of \$18,468. to pay initial formation, administration and other costs related to the District. The Township contributed \$3294. of the initial costs in 2006. A Board of Directors has been established, which includes one member representing Columbus; one representing the Township; and one member selected by the two members described above. As businesses locate in the JEDD, one representative from a company within the JEDD will be on the board and one representative from workers in the JEDD will be on the board. The Board shall adopt bylaws of, and procedures for the regulations of the affairs of the Board and the conduct of business of the Board consistent with the Contract including the election of Board officers, the holdings and conducting of regular and special meetings, obtaining fiduciary bonds in connection with the Board's duties, the appropriations procedures to provide for payment of the expenses of the District and distribution of income tax revenues pursuant to the Contract, and the purchasing of goods and services and the making of capital improvements. The District's fiscal year shall be the calendar year. The Board shall adopt an annual budget for the District.

Overriding the JEDD agreement is an Annexation Moratorium Agreement dated August 30, 2007 by and among the City of Columbus, the Village of Ashville, the Village of South Bloomfield and the Township. This agreement established a 50-year moratorium on annexation of an area of land bounded by the Township line in the east, the Scioto River in the west and Duvall Road in the south by any of the municipalities that are party to the agreement.

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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
Pickaway County
P.O. Box 22
Ashville, Ohio 43103

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, Pickaway County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 12, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

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

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
June 12, 2020

HARRISON TOWNSHIP
PICKAWAY COUNTY

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

FINDING NUMBER 2019-001

Material Weakness – Financial Reporting

Sound financial reporting is the responsibility of the fiscal officer and Board of Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Misstatements were identified during the course of the audit which have not been prevented or detected by the Township's internal controls over financial reporting. Misstatements were identified in the following areas:

In 2018, the township failed to properly classify \$105,650 as assigned fund balance in the General Fund due to subsequent appropriations exceeding subsequent estimated receipts.

The Township should implement procedures to verify that all fund balances are properly reported under GASB 54. The Township should use GASB 54 and the Auditor of State Bulletin 2011-004 to assist in determining proper fund balance classifications. Failure to properly classify fund balances could result in material misstatements in the financial statements.

Officials' Response:

We did not receive a response from Officials regarding this finding.

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OHIO AUDITOR OF STATE KEITH FABER



HARRISON TOWNSHIP

PICKAWAY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/20/2020

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

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