



OHIO AUDITOR OF STATE  
**KEITH FABER**





HARRISON TOWNSHIP  
MONTGOMERY COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Harrison Township  
Montgomery County  
5945 North Dixie Drive  
Dayton, Ohio 45414

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of Harrison Township, Montgomery County, Ohio (the Township).

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2020, and the respective changes in financial position or cash flows thereof for the year 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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

***Other Matters***

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 18, 2021

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**Harrison Township**  
*Montgomery 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, 2020*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$1,289,338	\$8,455,967	\$9,745,305
Charges for Services		1,249,406	1,249,406
Licenses, Permits and Fees	16,620		16,620
Fines and Forfeitures	10,716		10,716
Intergovernmental	339,801	4,134,015	4,473,816
Special Assessments		236,910	236,910
Earnings on Investments	77,576	14,366	91,942
Payments in Lieu of Taxes		147,339	147,339
Miscellaneous	913,012	202,582	1,115,594
<i>Total Cash Receipts</i>	<u>2,647,063</u>	<u>14,440,585</u>	<u>17,087,648</u>
<b>Cash Disbursements</b>			
Current:			
General Government	1,586,067	17,912	1,603,979
Public Safety		9,818,113	9,818,113
Public Works	60,329	1,595,950	1,656,279
Health	19,156		19,156
Conservation-Recreation	173,785		173,785
Other	23,758	7,771	31,529
Capital Outlay	34,874	476,221	511,095
Debt Service:			
Principal Retirement		127,838	127,838
Interest and Fiscal Charges		13,551	13,551
<i>Total Cash Disbursements</i>	<u>1,897,969</u>	<u>12,057,356</u>	<u>13,955,325</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>749,094</u>	<u>2,383,229</u>	<u>3,132,323</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	4,624	1,362,232	1,366,856
Transfers Out	(47,664)	(1,319,192)	(1,366,856)
Advances In	3,500		3,500
Advances Out		(3,500)	(3,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(39,540)</u>	<u>39,540</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	709,554	2,422,769	3,132,323
<i>Fund Cash Balances, January 1</i>	<u>3,227,579</u>	<u>3,440,333</u>	<u>6,667,912</u>
<i>Fund Cash Balances, December 31</i>	<u>\$3,937,133</u>	<u>\$5,863,102</u>	<u>\$9,800,235</u>

See accompanying notes to the basic financial statements.

**Harrison Township**  
*Montgomery County, Ohio*  
*Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2020*

	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$1,051,803
Miscellaneous	5,466
<i>Total Operating Cash Receipts</i>	<u>1,057,269</u>
<b>Operating Cash Disbursements</b>	
Salaries	75,009
Employee Fringe Benefits	27,446
Purchased Services	1,047,488
Other	55,842
<i>Total Operating Cash Disbursements</i>	<u>1,205,785</u>
<i>Operating Income (Loss)</i>	<u>(148,516)</u>
<b>Non-Operating Receipts</b>	
Special Assessments	287,299
<i>Total Non-Operating Receipts</i>	<u>287,299</u>
<i>Net Change in Fund Cash Balances</i>	138,783
<i>Fund Cash Balances, January 1</i>	<u>969,989</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,108,772</u></u>

*See accompanying notes to the basic financial statements.*

**Harrison Township**  
*Montgomery County*  
*Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2020*

	Custodial
<b>Deductions</b>	
Distributions of Deposits	9,872
<i>Total Deductions</i>	9,872
<i>Net Change in Fund Balances</i>	(9,872)
<i>Fund Cash Balances, January 1</i>	38,168
<i>Fund Cash Balances, December 31</i>	\$28,296

*See accompanying notes to the basic financial statements.*

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**Harrison Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Harrison Township, Montgomery County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road, zoning, community development, and fire protection and emergency medical services. The Township contracts with the Montgomery County Sheriff's Office for police protection.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 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, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type, and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type which are all 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:

***Road and Bridge Fund*** The road and bridge fund accounts for and reports all disbursements restricted or committed to roads, including improvements, paving, snow removal, salt and gravel, blacktop, maintenance, payroll, supplies, purchases, fuel, and vehicle equipment and maintenance. This fund is also used for construction of new and future facilities.

***Police Fund*** The police fund accounts for and reports proceeds from property taxes restricted for police department operations and protection services.

***Fire District Fund*** The fire district fund accounts for and reports proceeds from property taxes restricted for the fire department and life squad protection and emergency services.

***COVID Relief Fund*** – This fund is used to account for federal funding monies disbursed to aide with expenditures related to the COVID-19 pandemic.

**Harrison Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Enterprise Funds** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Township had the following significant enterprise fund:

**Garbage and Waste Disposal Fund** – The garbage and waste disposal fund accounts for and reports charges restricted to garbage and waste collection, as well as payment to a private trash removal service.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial fund accounts for monies received from insurance companies and reimburses residents when their buildings are fixed.

**Basis of Accounting**

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

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

**Budgetary Process**

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

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

**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 re-appropriated in the subsequent year.

A summary of 2020 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.

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

**Harrison Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

**Non-spendable** The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, non-spendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the non-spendable portion of the corpus in permanent funds.

**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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Harrison Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,925,217	\$2,655,187	\$729,970
Special Revenue	13,922,353	15,802,817	1,880,464
Capital Projects	357,097	0	(357,097)
Enterprise	1,404,200	1,344,568	(59,632)
Total	\$17,608,867	\$19,802,572	\$2,193,705

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,236,920	\$1,945,633	\$291,287
Special Revenue	13,923,567	13,380,048	543,519
Capital Projects	357,097	0	357,097
Enterprise	1,232,516	1,205,785	26,731
Total	\$17,750,100	\$16,531,466	\$1,218,634

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2020
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$789,024
Certificates of deposit	2,184,902
Cash on Hand	150
Total deposits	2,974,076
Money Market Fund	5,079
STAR Ohio	7,958,148
Total investments	7,963,227
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$10,937,303

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Investments**

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.



**Harrison Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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.

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

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

**Note 6 – Risk Management**

***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>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement 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, 2020.

**Harrison Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Ohio Police and Fire Retirement System**

All of the Township's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2020.

**Social Security**

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

**Note 8 – 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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Vacuum Truck Lease	\$128,613	4.65%
Medics Lease	\$77,843	2.36%
Police Cruisers Lease	24,396	5.45%
Total	<u>\$230,852</u>	

**Leases**

The Township leases vehicles and other equipment under non-cancelable leases. The Township disbursed all required lease costs for the year ended December 31, 2020.

**Harrison Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Amortization**

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

Year Ending December 31:	Vacuum Truck Lease	Medics Lease	Police Cruisers Lease
2021	\$35,976	\$79,688	\$25,725
2022	35,976		
2023	35,976		
2024	35,976		
Total	\$143,904	\$79,688	\$25,725

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. 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.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General
Non-spendable:	
Unclaimed Monies	\$359
Total	\$359

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds and the assigned amount in the general fund would include outstanding encumbrances however there were none at December 31, 2020.

**Note 12 – Subsequent Events**

In February 2021, the Township entered into a lease-purchase agreement for one backhoe and four dump trucks in an amount totaling \$647,833. Payments for this lease-purchase agreement will begin in 2021, will span a period of 5 years, and will be paid from the Motor-Vehicle Permissive Fund.

**Note 13 – Change in Accounting Principle**

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

This change had no effect on the beginning cash balances of all Township fund types.

**Harrison Township**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 14 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township received \$1,115,311 in CARES Act funding. These amounts are recorded in the COVID Relief Fund.

**HARRISON TOWNSHIP  
MONTGOMERY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>(1) Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed Through Ohio Office of Budget and Management</i>			
Coronavirus Relief Fund	21.019	N/A	<u>\$1,114,752</u>
Total U.S. Department of the Treasury			<u>1,114,752</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed Through Ohio Department of Public Safety</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	113-33922-00	<u>424,992</u>
Total U.S. Department of Homeland Security			<u>424,992</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Montgomery County</i>			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	B-18-UC-39-0004	<u>56,500</u>
Total CDBG - Entitlement Grants Cluster			<u>56,500</u>
Total U.S. Department of Housing and Urban Development			<u>56,500</u>
Total Expenditures of Federal Awards			<u><u>\$1,596,244</u></u>

*The accompanying notes are an integral part of this schedule.*

**HARRISON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Harrison Township (the Township) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Township, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Township.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The Township has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the Township to contribute non-Federal funds (matching funds) to support the federally funded programs. The Township has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

# OHIO AUDITOR OF STATE KEITH FABER



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WestRegion@ohioauditor.gov

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

Harrison Township  
Montgomery County  
5945 North Dixie Drive  
Dayton, Ohio 45414

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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of Harrison Township, Montgomery County, (the Township) and have issued our report thereon dated November 18, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, and the financial impact of COVID-19 and the continuing emergency measures which 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) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Township's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and / or corrective action plan. 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

November 18, 2021



# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Harrison Township  
Montgomery County  
5945 North Dixie Drive  
Dayton, Ohio 45414

To the Board of Trustees:

### ***Report on Compliance for the Major Federal Program***

We have audited Harrison Township's (the Township) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Harrison Township's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Township's major federal program.

### ***Management's Responsibility***

The Township's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Township's compliance for the Township's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Township's major program. However, our audit does not provide a legal determination of the Township's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, Harrison Township complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

**Report on Internal Control Over Compliance**

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Township's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Township's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 18, 2021

**HARRISON TOWNSHIP  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2020**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Coronavirus Relief Fund (CFDA #21.019)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2020-001**

**Material Weakness – Financial Statement Errors**

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.

**FINDING NUMBER 2020-001**  
**(Continued)**

Due to lack of adequate controls over the preparation of the financial statements, the following errors were noted in the Township's 2020 financial statements that were material and have been adjusted in the accompanying financial statements:

- The Township erroneously reported all Waste Disposal (Enterprise) Fund disbursements as salaries. As a result, salaries disbursements were overstated by \$1,130,776, employee fringe benefits disbursements were understated by \$27,446, purchased services disbursements were understated by \$1,047,488, and other disbursements were understated by \$55,842.
- The Township erroneously recorded and reported an advance out of the Grants (Special Revenue) Fund to repay the General Fund from a prior year advance as public works disbursements. As a result, advances out were understated by \$3,500 and public works disbursements were overstated by the same amount in the Grants (Special Revenue) Fund.
- The Township erroneously reported regular cash disbursements from the FEMA and COVID Relief (Special Revenue) Funds as transfers out. As a result, public safety disbursements were understated by \$179,708 and transfers out were overstated by the same amount in the FEMA (Special Revenue) Fund. Additionally, public safety disbursements were understated by \$1,082,472, capital outlay disbursements were understated by \$17,488, general government disbursements were understated by \$14,792, and transfers out were overstated by \$1,114,752 in the COVID Relief (Special Revenue) Fund.

Policies and procedures should be developed and implemented by the Township to verify that all receipts and disbursements are posted in the proper fund and account. The Township should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted correctly. Failure to do so could result in the users of the financial statements basing their conclusions on materially misstated financial data.

**Officials' Response:**

See Corrective Action Plan.

**FINDING NUMBER 2020-002**

**Material Weakness – Budgetary Information in the Accounting System**

Sound accounting practices require accurately posting estimated receipts and appropriations to the accounting system 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 Board of Trustees are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditure for the Township 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.

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 the Trustees were not properly posted to the accounting system. The approved Certificate of Estimated Resources (and/or amendments thereof) was not properly posted to the accounting system.

**FINDING NUMBER 2020-002**  
**(Continued)**

The appropriations entered into the accounting system had fund-level variances ranging from (\$1,319,192) to \$1,000 and a total variance of (\$1,317,652) with the approved appropriations. Additionally, the estimated receipts entered into the accounting system had fund-level variances ranging from (\$201,744) to \$103,000 and a total variance of (\$193,824) with the County Budget Commission's approved estimated receipts.

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 verify amended certificates of resources and appropriations have been properly posted to the ledgers. 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.

**Officials' Response:**

See Corrective Action Plan.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None.

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TRUSTEES  
Roland Winburn  
Georgeann Godsey  
Charles M. Waldron, Jr.

ADMINISTRATOR  
Kristofer N. McClintick

Montgomery County

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FISCAL OFFICER  
Craig A. Jones

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
December 31, 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Financial Statement Errors	Not Corrected	Repeated as Finding number 2020-001-See Corrective Action Plan
2019-002	Budgetary Information in the Accounting System	Not Corrected	Repeated as Finding number 2020-002-See Corrective Action Plan

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**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
December 31, 2020**

**Finding Number:** 2020-001  
**Planned Corrective Action:** The Township will develop and implement policies and procedures to verify that all receipts and disbursements are posted in the proper fund and account.  
**Anticipated Completion Date:** 12/31/2021  
**Responsible Contact Person:** Craig A. Jones, Fiscal Officer

**Finding Number:** 2020-002  
**Planned Corrective Action:** The Township will develop and implement policies and procedures to post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Trustees. Budget versus actual reports will also be monitored regularly.  
**Anticipated Completion Date:** 12/31/2021  
**Responsible Contact Person:** Craig A. Jones, Fiscal Officer

# OHIO AUDITOR OF STATE KEITH FABER



**HARRISON TOWNSHIP**

**MONTGOMERY 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 12/23/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)