



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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HARRISON TOWNSHIP
PICKAWAY COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2013 and 2012
Fiscal Years Audited Under GAGAS: 2013 and 2012



Dave Yost • Auditor of State

Board of Trustees
Harrison Township
P.O. Box 290
Ashville, Ohio 43103

We have reviewed the *Independent Auditor's Report* of Harrison Township, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2012 through December 31, 2013. 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 "Dave Yost".

Dave Yost
Auditor of State

April 28, 2014

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Harrison Township
Pickaway County, Ohio
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Independent Auditor's Report

Harrison Township
Pickaway County
P.O. Box 290
Ashville, Ohio 43103

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Harrison Township, Pickaway County, (the Township), as of and for the years ended December 31, 2013 and 2012.

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 fair presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, or 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 combined cash balances of Harrison Township, Pickaway County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements 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 11 to the financial statements, during 2012, the Township elected to change its financial presentation to 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. 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 March 25, 2014, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our 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 Standard* in considering the Township's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
March 25, 2014

Harrison Township, Pickaway County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Fund Types
For the Year Ended December 31, 2013

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts				
Property and Other Local Taxes	\$ 85,797	\$ 864,066	\$ -	\$ 949,863
Licenses, Permits and Fees	7,636	27,850	-	35,486
Intergovernmental	81,717	183,685	-	265,402
Charges for Services	-	832,592	-	832,592
Interest	5,323	1,112	-	6,435
Miscellaneous	7,959	37,417	-	45,376
<i>Total Cash Receipts</i>	<u>188,432</u>	<u>1,946,722</u>	<u>-</u>	<u>2,135,154</u>
Cash Disbursements				
Current:				
General Government	140,353	-	-	140,353
Public Safety	-	1,495,839	-	1,495,839
Public Works	-	206,283	-	206,283
Health	11,833	51,732	-	63,565
Capital Outlay	-	211,276	-	211,276
Debt Service:				
Principal Retirement	-	-	65,000	65,000
Interest and Fiscal Charges	-	-	7,112	7,112
<i>Total Cash Disbursements</i>	<u>152,186</u>	<u>1,965,130</u>	<u>72,112</u>	<u>2,189,428</u>
<i>Excess of Cash Receipts Over /(Under) Cash Disbursements</i>	<u>36,246</u>	<u>(18,408)</u>	<u>(72,112)</u>	<u>(54,274)</u>
Other Financing Sources (Uses)				
Sale of Notes	-	132,000	-	132,000
Transfers In	-	-	72,112	72,112
Transfers Out	-	(72,112)	-	(72,112)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>59,888</u>	<u>72,112</u>	<u>132,000</u>
<i>Net Change in Fund Cash Balances</i>	36,246	41,480	-	77,726
<i>Fund Cash Balances, January 1</i>	<u>433,425</u>	<u>1,476,907</u>	<u>2</u>	<u>1,910,334</u>
Fund Cash Balances, December 31				
Restricted	-	1,518,387	2	1,518,389
Unassigned (Deficit)	469,671	-	-	469,671
<i>Fund Cash Balances, December 31</i>	<u>\$ 469,671</u>	<u>\$ 1,518,387</u>	<u>\$ 2</u>	<u>\$ 1,988,060</u>

See accompanying notes to the financial statements.

Harrison Township, Pickaway County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Fund Types
For the Year Ended December 31, 2012

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts				
Property and Other Local Taxes	\$ 84,229	\$ 847,099	\$ -	\$ 931,328
Licenses, Permits and Fees	4,857	18,698	-	23,555
Intergovernmental	27,099	190,109	-	217,208
Charges for Services	-	870,701	-	870,701
Interest	6,982	1,078	-	8,060
Miscellaneous	9,495	38,234	-	47,729
<i>Total Cash Receipts</i>	<u>132,662</u>	<u>1,965,919</u>	<u>-</u>	<u>2,098,581</u>
Cash Disbursements				
Current:				
General Government	141,092	-	-	141,092
Public Safety	-	1,393,795	-	1,393,795
Public Works	-	141,903	-	141,903
Health	12,120	54,299	-	66,419
Capital Outlay	-	42,906	-	42,906
Debt Service:				
Principal Retirement	-	-	65,000	65,000
Interest and Fiscal Charges	-	-	8,643	8,643
<i>Total Cash Disbursements</i>	<u>153,212</u>	<u>1,632,903</u>	<u>73,643</u>	<u>1,859,758</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>(20,550)</u>	<u>333,016</u>	<u>(73,643)</u>	<u>238,823</u>
Other Financing Sources (Uses)				
Transfers In	-	25,000	73,645	98,645
Transfers Out	(25,000)	(73,645)	-	(98,645)
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>(48,645)</u>	<u>73,645</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(45,550)	284,371	2	238,823
<i>Fund Cash Balances, January 1</i>	<u>478,975</u>	<u>1,192,536</u>	<u>-</u>	<u>1,671,511</u>
Fund Cash Balances, December 31				
Restricted	-	1,476,907	2	1,476,909
Unassigned (Deficit)	433,425	-	-	433,425
<i>Fund Cash Balances, December 31</i>	<u>\$ 433,425</u>	<u>\$ 1,476,907</u>	<u>\$ 2</u>	<u>\$ 1,910,334</u>

See accompanying notes to the financial statements.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 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, emergency and medical services and fire protection.

The Township participates in joint ventures and a public entity risk pool. Notes 7 and 8 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 section s715.72 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 the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Deposits

During 2013 and 2012, the Township invested in nonnegotiable certificates of deposit and maintained checking accounts with local financial institutions. The nonnegotiable certificates of deposit are reported at cost.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Road and Bridge Fund – This fund receives property and other local taxes for construction, maintaining, and repairing Township roads and bridges.

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

3. Debt Service Fund

This fund accounts for and reports the 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.

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 also approve estimated resources.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2013 and 2012 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.

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.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (continued)

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 acquisition of property, plant and equipments 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 CASH

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

	<u>2013</u>	<u>2012</u>
Demand Deposits	\$ 1,491,184	\$ 1,416,633
Certificates of Deposit	496,876	493,701
	<u>\$ 1,988,060</u>	<u>\$ 1,910,334</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**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 126,008	\$ 188,432	\$ 62,424
Special Revenue	1,756,124	2,078,722	322,598
Debt Service	72,200	72,112	(88)
Total	\$ 1,954,332	\$ 2,339,266	\$ 384,934

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 203,200	\$ 152,186	\$ 51,014
Special Revenue	2,186,639	2,037,242	149,397
Debt Service	72,200	72,112	88
Total	\$ 2,462,039	\$ 2,261,540	\$ 200,499

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 84,468	\$ 132,662	\$ 48,194
Special Revenue	1,720,100	1,990,919	270,819
Debt Service	73,645	73,645	-
Total	\$ 1,878,213	\$ 2,197,226	\$ 319,013

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 214,450	\$ 178,212	\$ 36,238
Special Revenue	1,931,039	1,706,548	224,491
Debt Service	73,645	73,643	2
Total	\$ 2,219,134	\$ 1,958,403	\$ 260,731

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 property owner elects to pay semiannually, the first half is due December 31. The second half payment is due to 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.

5. DEBT

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
2008 Fire Truck Note	\$70,000	4.375%
2011 Ford Ambulance	60,000	3.3%
2013 Ambulance	132,000	2.75%
Total	\$262,000	

In 2008, the Township issued \$245,000 of general obligation notes to finance the purchase of a fire truck. In 2011, the Township issued \$120,000 of Revenue Anticipation notes to finance the purchase of a new ambulance. In 2013, the Township issued \$132,000 of Revenue Anticipation notes to finance the purchase of a new ambulance.

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

Year ending December 31:	Ambulance	Ford Ambulance	Fire Truck
2014	\$35,301	\$32,518	\$38,063
2015	35,301	32,518	36,531
2016	35,301	0	0
2017	35,301	0	0
Total	\$141,204	\$65,036	\$74,594

6. RETIREMENT SYSTEM

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). 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. OP&F participants contributed 10% of their wages through June 30, 2013, and contributed 10.75% of their wages for the remainder of 2013. For 2013 and 2012 the Township contributed an amount equaling 24% of full time fire fighters' wages. For 2013 and 2012, 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, 2013.

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

7. RISK MANAGEMENT

Risk Pool Membership

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$34,771,270	\$35,086,165
Liabilities	<u>(9,355,082)</u>	<u>(9,718,792)</u>
Net Position	<u>\$25,416,188</u>	<u>\$25,367,373</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.96 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013 and December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$25,812 and \$24,825 respectively. The rate for 2012 was utilized in calculating the 2013 share. (The most recent information available).

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

**HARRISON TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

7. RISK MANAGEMENT (Continued)

Contributions to OTARMA

<u>2013</u>	<u>2012</u>
\$20,971	\$22,558

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

8. 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 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 \$3,294 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.

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**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

10. INTERFUND ACTIVITY

Transfers were made during 2013 and 2012 from the Fire District Fund to the Debt Service Fund for the debt retirement obligations of \$72,112 and \$73,645, respectively. The Township also transferred \$25,000 in 2013 from the General Fund to the Cemetery Fund to help cover salaries.

11. CHANGE IN ACCOUNTING PRINCIPLE

During 2012, the Township has elected to change its financial presentation to 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. There was no effect on the cash fund balances of the Township.



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 290
Ashville, Ohio 43103

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Harrison Township, Pickaway County, (the Township) as of and for the years ended December 31, 2013 and 2012 and the related notes to the financial statements, and have issued our report thereon dated March 25, 2014, wherein we noted the Township elected to change its financial presentation to and followed financial reporting provisions that Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but 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 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However unidentified material weaknesses may exist.

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*.

Entity's Response to Findings

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control testing and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.

Worthington, Ohio

March 25, 2014



Dave Yost • Auditor of State

HARRISON TOWNSHIP

PICKAWAY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 8, 2014**