



OHIO AUDITOR OF STATE
KEITH FABER



HARRISON TOWNSHIP
MONTGOMERY COUNTY
DECEMBER 31, 2019

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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 by fund type, and related notes of Harrison Township, Montgomery County, Ohio (the Township) as of and for the year ended December 31, 2019.

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, 2019, 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 by fund type, and related notes of Harrison Township, Montgomery County as of December 31, 2019, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. Additionally, as discussed in Note 11 to the financial statements, during 2019 and 2020, the Township incurred significant costs related to tornado cleanup. We did not modify our opinion regarding these matters.

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 October 7, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 7, 2020

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**HARRISON TOWNSHIP
MONTGOMERY 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**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$1,292,901	\$8,547,226		\$9,840,127
Charges for Services		1,354,453		1,354,453
Licenses, Permits and Fees	20,900			20,900
Fines and Forfeitures	10,537			10,537
Intergovernmental	356,332	1,417,195	\$433,723	2,207,250
Special Assessments		187,910		187,910
Payments in Lieu of Taxes		147,802		147,802
Earnings on Investments	134,827	26,697		161,524
Miscellaneous	60,349	253,945		314,294
<i>Total Cash Receipts</i>	<u>1,875,846</u>	<u>11,935,228</u>	<u>433,723</u>	<u>14,244,797</u>
Cash Disbursements				
Current:				
General Government	1,377,154	69,529		1,446,683
Public Safety	16,154	9,457,530		9,473,684
Public Works	85,730	1,547,451		1,633,181
Health	15,933			15,933
Conservation-Recreation	21,513	35,139		56,652
Other	25,869			25,869
Capital Outlay	29,577	369,456	433,723	832,756
Debt Service:				
Principal Retirement		167,399		167,399
Interest and Fiscal Charges		9,486		9,486
<i>Total Cash Disbursements</i>	<u>1,571,930</u>	<u>11,655,990</u>	<u>433,723</u>	<u>13,661,643</u>
<i>Excess of Receipts Over Disbursements</i>	<u>303,916</u>	<u>279,238</u>	<u>0</u>	<u>583,154</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds		157,275		157,275
Transfers In		95,037		95,037
Transfers Out	(95,037)			(95,037)
Advances In	52,703	3,500		56,203
Advances Out	(3,500)	(52,703)		(56,203)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(45,834)</u>	<u>203,109</u>	<u>0</u>	<u>157,275</u>
<i>Net Change in Fund Cash Balances</i>	258,082	482,347	0	740,429
<i>Fund Cash Balances, January 1</i>	<u>2,969,497</u>	<u>2,957,986</u>	<u>0</u>	<u>5,927,483</u>
Fund Cash Balances, December 31				
Nonspendable	359			359
Restricted		3,213,107		3,213,107
Committed		227,226		227,226
Assigned	83,282			83,282
Unassigned	3,143,938			3,143,938
<i>Fund Cash Balances, December 31</i>	<u>\$3,227,579</u>	<u>\$3,440,333</u>	<u>\$0</u>	<u>\$6,667,912</u>

See accompanying notes to the basic financial statements

**HARRISON TOWNSHIP
MONTGOMERY COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Custodial</u>	
Operating Cash Receipts			
Charges for Services	\$1,055,566		\$1,055,566
Miscellaneous	5,856	\$9,872	15,728
<i>Total Operating Cash Receipts</i>	<u>1,061,422</u>	<u>9,872</u>	<u>1,071,294</u>
Operating Cash Disbursements			
Salaries	69,014		69,014
Employee Fringe Benefits	24,472		24,472
Purchased Services	1,057,719	13,026	1,070,745
Other	126,556		126,556
<i>Total Operating Cash Disbursements</i>	<u>1,277,761</u>	<u>13,026</u>	<u>1,290,787</u>
<i>Operating Loss</i>	<u>(216,339)</u>	<u>(3,154)</u>	<u>(219,493)</u>
Non-Operating Receipts			
Special Assessments	269,531		269,531
<i>Total Non-Operating Receipts</i>	<u>269,531</u>	<u>0</u>	<u>269,531</u>
<i>Net Change in Fund Cash Balance</i>	53,192	(3,154)	50,038
<i>Fund Cash Balance, January 1</i>	<u>916,797</u>	<u>41,322</u>	<u>958,119</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$969,989</u></u>	<u><u>\$38,168</u></u>	<u><u>\$1,008,157</u></u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of 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, 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 7 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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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, 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.

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

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

OPWC Capital Projects Fund – The Ohio Public Works Commission capital projects fund reports grants received from the Ohio Public Works Commission. The proceeds are restricted for capital improvement.

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 and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

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 Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, department, 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.

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

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 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

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.

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:

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

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

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

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

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

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

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

Note 3 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,107,290	\$1,928,549	(\$178,741)
Special Revenue	12,033,764	12,191,040	157,276
Capital Projects	433,723	433,723	0
Enterprise	1,330,954	1,330,953	(1)
Total	\$15,905,731	\$15,884,265	(\$21,466)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,025,947	\$1,670,467	\$355,480
Special Revenue	12,323,063	11,708,693	614,370
Capital Projects	433,723	433,723	0
Enterprise	1,280,067	1,277,761	2,306
Total	\$16,062,800	\$15,090,644	\$972,156

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

Note 4 – Deposits and Investments

The Township maintains a deposit and investments 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	\$351,581
Certificates of deposit	2,129,903
Cash on Hand	150
Total deposits	2,481,634
STAR Ohio	5,187,761
Money Market Fund	6,674
Total investments	5,194,435
Total deposits and investments	\$7,676,069

Deposits

Deposits are insured by the Federal Depository 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.

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 6 - Interfund Balances

Outstanding advances at December 31, 2019, consisted of advances made from the General Fund to the Grant Special Revenue Fund in the amounts of \$3,500 to provide working capital for operations or projects.

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

Note 7 - Risk Management

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

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019:

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Several 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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.

Ohio Police and Fire Retirement System

All of the Township's certified Fire Fighters belong to the 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 healthcare and survivor and disability benefits.

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

Harrison Township
Montgomery County
Notes to the Financial Statements
For the Year Ended 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% of their gross salaries. The Township contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 9 – 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.

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 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Medics Lease	\$ 153,884	2.36%
Police Cruisers Lease	34,272	5.45%
Vacuum Truck Lease	157,275	4.65%
Total	<u>\$ 345,431</u>	

Leases

The Township leases two EMS vehicles under a noncancelable lease. The Township also leases three Police Cruisers and a Vacuum Truck. Scheduled payments were made on all leases during 2019.

Amortization

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

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

Year ending	Medics	Police	Vacuum
December 31:	<u>Lease</u>	<u>Cruisers Lease</u>	<u>Truck Lease</u>
2020	79,688	19,312	35,976
2021	79,687	19,312	35,976
2022			35,976
2023			35,976
2024			35,977
Total	<u>\$159,375</u>	<u>\$38,624</u>	<u>\$179,881</u>

Note 11 – Subsequent Events

The Township was hit by multiple tornados during 2019 which resulted in wide-spread destruction. The Township incurred significant cleanup costs during 2019 and 2020. FEMA funds have been applied for and should start to be received in 2020. The Township applied for \$4,500,000 in assistance from FEMA.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The Township's investments of the pension and other employee benefit plan in which the Township participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. 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.

**HARRISON TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Ohio Department of Public Safety</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	113-33922-00	<u>\$1,243,254</u>
Total U.S. Department of Homeland Security			<u>1,243,254</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through Montgomery County</i>			
CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	14.218	B-18-UC-39-0004	<u>27,846</u>
Total U.S. Department of Housing and Urban Development			<u>27,846</u>
Total Expenditures of Federal Awards			<u>\$1,271,100</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, 2019**

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's) under programs of the federal government for the year ended December 31, 2019. 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 or changes in net position 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.

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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
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 by fund type of Harrison Township, Montgomery County, (the Township) as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated October 7, 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 Township incurred significant costs related to tornado cleanup, as well as the financial impact of COVID-19 and the continuing emergency measures may 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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 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 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*.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying 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

October 7, 2020

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, 2019. 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 programs.

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, 2019.

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 the 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

October 7, 2020

**HARRISON TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Disaster Grants – Public Assistance (Presidentially Declared Disasters) – CFDA #97.036
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2019-001

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 2019-001
(Continued)

Due to lack of adequate controls over the preparation of the financial statements the following errors were noted in the Township's 2019 financial statements that required adjustment to the accompanying financial statements. Appropriate adjustments have also been made to the Township's accounting system:

1. **Ohio Rev. Code § 3929.86 (D)** states, in part, upon receipt of proceeds by the township as authorized by this section, the designated officer shall place the proceeds in a separate fund to be used solely as security against the total cost of removing, repairing, or securing incurred by the township pursuant to section 505.86 of the Revised Code. The Township improperly reported activity related to the duties described in Ohio Rev. Code § 3929.86 in the General fund rather than a Custodial fund. As a result, other disbursements was overstated and fund cash balance was understated by \$13,026 in the General Fund. Additionally, operating disbursements: purchased services was understated and fund cash balance was overstated by \$13,026 in the Custodial Fund.
2. The Township did not classify debt payments as debt service: principal retirement and debt service: interest and fiscal charges on the financial statements. As a result, debt service: principal retirement was understated by \$35,198, \$74,280, and \$57,921 in the Police, Fire, and Motor Vehicle-Permissive (Special Revenue) funds, respectively. Additionally, debt service: interest and fiscal charges was understated by \$2,176, \$5,363, and \$1,947 in the Police, Fire, and Motor Vehicle-Permissive (Special Revenue) funds, respectively. Further, public safety disbursements were overstated by \$37,374 and \$79,643 in the Police and Fire (Special Revenue) funds, respectively, and public works expenditures were overstated by \$59,868 in the Motor Vehicle-Permissive (Special Revenue) fund.
3. The Township obtained a lease for a leaf collection truck during 2019; however, the Township did not post the proceeds of the lease and did not properly classify the down payment for the purchase. As a result, other financing sources: proceeds of lease and capital outlay disbursements were understated by \$157,275 and \$182,275, respectively, and public works expenditures were overstated by \$25,000 in the Motor Vehicle-Permissive (Special Revenue) fund.
4. **Auditor of State Bulletin 2011-004** states, in part, when the appropriation measure is adopted for the subsequent year, and those appropriations exceed estimated receipts, the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable only to the General Fund as it is the only fund with a positive unassigned fund balance. The Township did not properly calculate the amount by which appropriations exceeded estimated receipts for the subsequent fiscal year. Additionally, the Township did not present an ending fund balance for the General Fund. As a result, cash balance, nonspendable fund balance, assigned fund balance, and unassigned fund balance were understated by \$3,214,554, \$359, \$83,282, and \$3,130,913 in the General Fund.
5. The Township improperly classified the ending balance of the Road and Bridge (Special Revenue) Fund as restricted fund balance. As a result, committed balance was understated and restricted balance was overstated by \$227,226 in the Road and Bridge (Special Revenue) Fund.
6. The Township improperly classified Township-levied permissive motor vehicle taxes as intergovernmental receipts and County-levied permissive motor vehicle taxes as property and other local tax receipts. As a result, property and other local tax receipts were understated and intergovernmental receipts were overstated by \$43,025 in the Motor Vehicle-Permissive (Special Revenue) fund.

The Township should establish and implement policies and procedures 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 on Page 26

FINDING NUMBER 2019-002

Material Weakness – Budgetary Information in the Accounting System

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

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

The original certificate and amendments establish the amounts available for expenditures for the 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 Trustees were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system. The estimated receipts entered into the accounting system had fund-level variances ranging from (\$17,936) to \$276,587 and a total variance of \$845,851 with the County Budget Commission's approved estimated receipts. The appropriations entered into the accounting system for the General Fund were \$500 greater than approved appropriations.

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.

Officials' Response: See Corrective Action Plan on Page 26

3. FINDINGS FOR FEDERAL AWARDS

None

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TRUSTEES
 Ronald L. Casey
 Georgeann Godsey
 Roland Winburn

ADMINISTRATOR
 Kristofer N. McClintick

FISCAL OFFICER
 Deborah L. Merrick

Montgomery County

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
December 31, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Statement Errors	Not Corrected	Repeated as finding number 2019-001 – See Corrective Action Plan
2018-002	Budgetary Information in the Accounting System	Not Corrected	Repeated as finding number 2019-002 – See Corrective Action Plan
2018-003	Appropriations in excess of estimated resources	Not Corrected	Repeated as Management Letter Comment. Working with Staff to Correct. Will work closer with Staff to Keep Eye on in Future
2018-004	Budgetary Expenditures in Excess of Appropriations	Fully Corrected	N/A

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TRUSTEES
Ronald L. Casey
Georgeann Godsey
Roland Winburn

ADMINISTRATOR
Kristofer N. McClintick

FISCAL OFFICER
Deborah L. Merrick

Montgomery County

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2019

Finding Number: 2019-001
Planned Corrective Action: The Township will make every effort to ensure the financial statements are posted and classified correctly.
Anticipated Completion Date: December 31, 2020
Responsible Contact Person: Deborah Merrick, Fiscal Officer

Finding Number: 2019-002
Planned Corrective Action: The Township has been working to keep budgetary information in accounting system in agreement with the Certificate of Estimated Resources.
Anticipated Completion Date: December 31, 2020
Responsible Contact Person: Deborah Merrick, Fiscal Officer

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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 11/5/2020

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