

**HARMONY TOWNSHIP
MORROW COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Township Trustees
Harmony Township
2324 County Road 170
Marengo, Ohio 43334

We have reviewed the *Independent Auditor's Report* of Harmony Township, Morrow County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2021 through December 31, 2022. 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. Harmony Township is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

August 31, 2023

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MORROW COUNTY
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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Harmony Township
Morrow County
2324 County Road 170
Marengo, Ohio 43334

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, major funds and aggregate remaining fund information of Harmony Township, Morrow County, Ohio as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, which collectively comprised the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Harmony Township, Morrow County, as of December 31, 2022 and 2021, and the respective changes in cash financial positions and the respective budgetary comparisons for the General Fund, Gasoline Tax Fund, American Rescue Plan Fund and Fire District Fund, thereof for the years then ended in accordance with the accounting basis described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are required to be independent of Harmony Township, Morrow County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 11 to the 2022 and 2021 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. Our opinions are not modified with respect to this matter.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Harmony Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2023, on our consideration of Harmony 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 18, 2023

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF NET POSITION-CASH BASIS
December 31, 2022**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 378,063</u>
Total Assets	<u>\$ 378,063</u>
NET POSITION:	
Restricted for:	
Other Purposes	\$ 339,431
Unrestricted	<u>38,632</u>
Total Net Position	<u><u>\$ 378,063</u></u>

See notes to basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Cash	Charges for	Operating	Capital Grants	Net
	Disbursements	Services	Grants and	and	(Disbursements)
		and Sales	Contributions	Contributions	Receipts and
					Changes in
					Net Assets
Governmental Activities:					
General Government	\$ 69,464	\$ -	\$ -	\$ -	\$ (69,464)
Public Safety	81,697	-	-	139,640	57,943
Public Works	317,823	-	189,844	-	(127,979)
Health	1,454	-	-	-	(1,454)
Other	-	-	17	-	17
Capital Outlay	22,848	-	-	-	(22,848)
Debt Service:					
Principal Retirement	20,220	-	-	-	(20,220)
Interest and Fiscal Charges	1,486	-	-	-	(1,486)
	\$ 514,992	\$ -	\$ 189,861	\$ 139,640	\$ (185,491)
Total Governmental Activities	\$ 514,992	\$ -	\$ 189,861	\$ 139,640	\$ (185,491)

General Receipts:

Property Taxes Levied for:	
General Purposes	202,837
Grants and Entitlements not	
Restricted to Specific Programs	50,949
Earnings on Investment	892
Miscellaneous	668
Total General Receipts	255,346
Change in Net Position	69,855
Net Position Beginning of Year, Restated	308,208
Net Position End of Year	\$ 378,063

See notes to the basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2022**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>American Rescue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:						
Equity in Pooled Cash and Cash Equivalents	\$ 38,632	\$ 105,683	\$ -	\$ 222,173	\$ 11,575	\$ 378,063
Total Assets	<u>\$ 38,632</u>	<u>\$ 105,683</u>	<u>\$ -</u>	<u>\$ 222,173</u>	<u>\$ 11,575</u>	<u>\$ 378,063</u>
Fund Balances:						
Restricted	-	105,683	-	222,173	6,672	334,528
Committed	-	-	-	-	4,903	4,903
Unassigned	38,632	-	-	-	-	38,632
Total Fund Balances	<u>\$ 38,632</u>	<u>\$ 105,683</u>	<u>\$ -</u>	<u>\$ 222,173</u>	<u>\$ 11,575</u>	<u>\$ 378,063</u>

See notes to basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2022**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>American Rescue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS						
Property and Other Local Taxes	\$ 102,282	\$ -	\$ 70,471	\$ -	\$ 30,084	\$ 202,837
Intergovernmental	36,676	137,434	9,883	139,640	56,817	380,450
Earnings on Investments	281	580	-	-	31	892
Miscellaneous	668	-	-	-	-	668
Total Receipts	<u>139,907</u>	<u>138,014</u>	<u>80,354</u>	<u>139,640</u>	<u>86,932</u>	<u>584,847</u>
CASH DISBURSEMENTS:						
Current:						
General Government	63,729	1,705	2,109	-	1,921	69,464
Public Safety	2,586	-	78,312	-	799	81,697
Public Works	54,918	124,844	-	56,000	82,061	317,823
Health	1,454	-	-	-	-	1,454
Capital Outlay	3,221	17,627	-	-	2,000	22,848
Debt Service:						
Principal Retirement	6,688	11,014	-	-	2,518	20,220
Interest and Fiscal Charges	484	817	-	-	185	1,486
Total Disbursements	<u>133,080</u>	<u>156,007</u>	<u>80,421</u>	<u>56,000</u>	<u>89,484</u>	<u>514,992</u>
Net Change in Fund Cash Balance	6,827	(17,993)	(67)	83,640	(2,552)	69,855
Cash Fund Balances Beginning of Year, Restated	<u>31,805</u>	<u>123,676</u>	<u>67</u>	<u>138,533</u>	<u>14,127</u>	<u>308,208</u>
Cash Fund Balances End of Year	<u>\$ 38,632</u>	<u>\$ 105,683</u>	<u>\$ -</u>	<u>\$ 222,173</u>	<u>\$ 11,575</u>	<u>\$ 378,063</u>

See notes to basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
CASH RECEIPTS				
Property and Other Local Taxes	\$ 99,370	\$ 99,370	\$ 102,282	\$ 2,912
Intergovernmental	36,697	36,697	36,676	(21)
Earnings on Investments	23	23	281	258
Miscellaneous	2,700	2,700	668	(2,032)
Total Receipts	<u>138,790</u>	<u>138,790</u>	<u>139,907</u>	<u>1,117</u>
CASH DISBURSEMENTS:				
Current:				
General Government	68,921	73,661	63,729	9,932
Public Safety	6,100	5,350	2,586	2,764
Public Works	73,446	73,446	54,918	18,528
Health	2,900	2,611	1,454	1,157
Capital Outlay	-	3,221	3,221	-
Debt Service:				
Principal Retirement	6,598	7,153	6,688	465
Interest and Fiscal Charges	473	508	484	24
Total Disbursements	<u>158,438</u>	<u>165,950</u>	<u>133,080</u>	<u>32,870</u>
Net Change in Fund Balance	(19,648)	(27,160)	6,827	33,987
Cash Fund Balances Beginning of Year, Restated	<u>28,035</u>	<u>28,035</u>	<u>28,035</u>	<u>-</u>
Prior Year Encumbrances Appropriated	3,770	3,770	3,770	
Cash Fund Balances End of Year	<u>\$ 12,157</u>	<u>\$ 4,645</u>	<u>\$ 38,632</u>	<u>\$ 33,987</u>

See notes to basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Intergovernmental	\$ 138,870	\$ 138,870	\$ 137,434	\$ (1,436)
Earnings on Investments	56	56	580	524
Total Receipts	<u>138,926</u>	<u>138,926</u>	<u>138,014</u>	<u>(912)</u>
CASH DISBURSEMENTS:				
Current:				
General Government	2,510	2,144	1,705	439
Public Works	137,992	146,044	133,073	12,971
Capital Outlay	-	17,627	17,627	-
Debt Service:				
Principal Retirement	10,888	11,823	11,014	809
Interest and Fiscal Charges	799	857	817	40
Total Disbursements	<u>152,189</u>	<u>178,495</u>	<u>164,236</u>	<u>14,259</u>
Net Change in Fund Balance	(13,263)	(39,569)	(26,222)	(15,171)
Cash Fund Balances Beginning of Year, Restated	<u>107,210</u>	<u>107,210</u>	<u>107,210</u>	<u>-</u>
Prior Year Encumbrances Appropriated	16,137	16,137	16,137	
Cash Fund Balances End of Year	<u>\$ 110,084</u>	<u>\$ 83,778</u>	<u>\$ 97,125</u>	<u>\$ (15,171)</u>

See notes to basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 68,367	\$ 71,654	\$ 70,471	\$ (1,183)
Intergovernmental	9,718	9,718	9,883	165
Total Receipts	<u>78,085</u>	<u>81,372</u>	<u>80,354</u>	<u>(1,018)</u>
CASH DISBURSEMENTS:				
Current:				
General Government	2,100	2,115	2,109	6
Public Safety	75,985	79,272	78,312	960
Total Disbursements	<u>78,085</u>	<u>81,387</u>	<u>80,421</u>	<u>966</u>
Net Change in Cash Fund Balances	-	(15)	(67)	(52)
Cash Fund Balances Beginning of Year	<u>67</u>	<u>67</u>	<u>67</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 67</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ (52)</u>

See notes to basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
AMERICAN RESCUE PLAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
CASH RECEIPTS				
Intergovernmental	\$ 138,633	\$ 138,633	\$ 139,640	\$ 1,007
Total Receipts	<u>138,633</u>	<u>138,633</u>	<u>139,640</u>	<u>1,007</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	<u>56,000</u>	<u>56,000</u>	<u>56,000</u>	<u>-</u>
Total Disbursements	<u>56,000</u>	<u>56,000</u>	<u>56,000</u>	<u>-</u>
Net Change in Fund Balance	82,633	82,633	83,640	1,007
Cash Fund Balances Beginning of Year	<u>138,533</u>	<u>138,533</u>	<u>138,533</u>	<u>-</u>
Cash Fund Balances End of Year	<u><u>\$ 221,166</u></u>	<u><u>\$ 221,166</u></u>	<u><u>\$ 222,173</u></u>	<u><u>\$ 1,007</u></u>

See notes to basic financial statements.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

1. DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

The Township of Harmony, Morrow County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publicly elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township road and bridges, cemetery maintenance, and fire services. The Township contracts with the Big Walnut Joint Fire District for fire protection.

Public Entity Risk Pool

The Township participates a public entity risk pool. See Note 6 to the financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Township has no business-type activities.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net position presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the programs goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Township uses fund accounting 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 divided into one category: governmental.

Governmental Funds

Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

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

Gasoline Tax Fund – This fund receives gasoline tax monies restricted for maintenance and repair of roads in the Township.

Fire District Fund – This fund accounts for and reports property tax restricted for payment of their fire contract with the Big Walnut Joint Fire District.

American Rescue Plan Fund – This fund accounts for and reports American Rescue Plan Act monies.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note. There were no modifications having substantial support.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except custodial funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and set limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2022 was \$281.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent monies restricted for use in regards to road maintenance, cemetery and capital projects.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township’s cash basis of accounting.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither a other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for road maintenance, cemetery and capital projects.

The Township's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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 nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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 – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees removes or change the specified use by taking the same type of action (resolution) it employed to previously commit the amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual-Budget Basis presented for the General Fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences between the budgetary basis and the cash basis are as follows:

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

3. BUDGETARY BASIS OF ACCOUNTING (Continued)

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis)

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Gasoline Tax	Fire District	American Rescue
Cash Basis	\$ 38,632	\$ 105,683	\$ -	\$ 222,173
End of Year:				
Encumbrances	-	8,229	-	-
Budget Basis	\$ 38,632	\$ 97,454	\$ -	\$ 222,173

4. DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuance of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligation described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

4. DEPOSITS AND INVESTMENTS (Continued)

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligation of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirement have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the fiscal officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Township did not have any undeposited cash on hand for 2022.

Deposits:

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$138,162 of the Township's bank balance of \$388,162 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the township and deposited a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured: or participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2022 for real and public utility property taxes represent collections of 2021 taxes.

2021 real property taxes are levied after October 1, 2022, on assessed value at January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2022.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2022, was 4.20 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

Real Property	\$ 63,377,680
Public Utility Personal Property	2,718,820
Total Assessed Value	\$ 66,096,500

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

6. 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 (latest information available):

	2021
Cash and investments	\$34,880,599
Actuarial liabilities	10,601,444

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description - Township employees, other than full-time police and firefighters participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional plan and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

7. DEFINED BENEFIT PENSION PLAN (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

**HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

7. DEFINED BENEFIT PENSION PLAN (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions as follows:

	and Local		Safety		Enforcement	
2022 Statutory Maximum Contribution Rates						
Employer	14.0	%	18.1	%	18.1	%
Employee *	10.0	%	*		**	
2022 Actual Contribution Rates						
Employer:						
Pension*****	14.0	%	18.1	%	18.1	%
Post-employment Health Care Benefits *****	0.0		0.0		0.0	
Total Employer	14.0	%	18.1	%	18.1	%
Employee	10.0	%	12.0	%	13.0	%
* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.						
** This rate is determined by the OPERS' Board and has no maximum rate established by the ORC.						
*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.						
**** These pension and employer health care rates is for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension						

**HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

7. DEFINED BENEFIT PENSION PLAN (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$13,997 for year 2022.

8. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan – a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the Combined Plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug- plans from a range of options and may select optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouse and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered- to retirees and eligible dependents. This allowance is based on the retiree's years of service and age when they first enrolled on OPERS coverage.

OPERS provides a monthly allowance e for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between fifty-one percent and ninety percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least seventy-five percent of the base allowance.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA Allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

8. POSTEMPLOYMENT BENEFITS (Continued)

In order to qualify for post-employment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with thirty or more years of qualifying service. Members in Group B are eligible at any age with thirty-two years of qualifying service, or at age fifty-two with thirty-one years of qualifying service. Members in Group C are eligible for coverage with thirty-two years of qualifying service and a minimum age of fifty-five. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately on the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at a rate at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$1,994 for the year 2022.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

9. DEBT

The Township's debt activity for the year ended December 31, 2022 was as follows:

	Balance January 1 2022	Issued	Retired	Balance December 31 2021	Amount Due Within One Year
Lease Purchase	\$ 74,694	\$ -	\$ 20,220	\$ 54,474	\$ 18,367
Total	\$ 74,694	\$ -	\$ 20,220	\$ 54,474	\$ 18,367

In 2021, the Township entered into a lease-purchase agreement in the amount of \$83,000 to be used to acquire a 2020 Western Star Tandem Dump Truck. The monthly lease payment is \$1,809 for 48 months with an interest rate of 2.22%

Amortization of the above debt is as follows:

	Equipment Bonds	
	Principal	Interest
2023	\$ 18,367	\$ 1,000
2024	18,309	573
2025	17,798	119
Total	\$ 54,474	\$ 1,692

10. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for major governmental funds and all other governmental funds as of December 31, 2022 are presented below:

Fund Balance	General	Gasoline Tax	American Rescue	Special Fire Levy
Restricted				
Fire and EMS	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	222,173	-
Road & Bridge Maint.	-	105,683	-	-
Total Restricted	-	105,683	222,173	-
Committed				
Road & Bridge Maint	-	-	-	-
Total Committed	-	-	-	-
Unassigned	38,632	-	-	-
Total Fund Balances	\$ 38,632	\$ 105,683	\$ 222,173	\$ -

**HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

10. FUND BALANCES (Continued)

Fund Balance	Other Gov. Funds	Total
Restricted		
Fire and EMS	\$ -	\$ -
Public Safety	-	222,173
Road & Bridge Maint.	6,672	112,355
Total Restricted	6,672	334,528
Committed		
Road & Bridge Maint	4,903	4,903
Total Committed	4,903	4,903
Unassigned	-	38,632
Total Fund Balances	\$ 11,575	\$ 378,063

11. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Township did receive COVID-19 funding. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

In 2022 the Township received \$139,640 from the American Rescue Plan.

12. RESTATEMENT OF FUND BALANCE

Fund balance in the General Fund , Gasoline Tax Fund and Other Governmental Funds has been restated for the year beginning January 1, 2022 as voided checks were added back:

	General Fund	Gasoline Tax
Fund Balance at December 31, 2021	\$ 31,580	\$ 123,347
Adjustments	225	329
Fund Balance at January 1, 2022	\$ 31,805	\$ 123,676

13. COMPLIANCE

Contrary to Ohio Revised Code 5705.39, the Township had funds where appropriations exceeded estimated resources.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF NET POSITION-CASH BASIS
December 31, 2021**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 307,654</u>
Total Assets	<u>\$ 307,654</u>
NET POSITION:	
Restricted for:	
Other Purposes	\$ 276,074
Unrestricted	<u>31,580</u>
Total Net Position	<u><u>\$ 307,654</u></u>

See notes to basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Cash	Charges for	Operating	Capital Grants	Net
	Disbursements	Services	Grants and	and	(Disbursements)
		and Sales	Contributions	Contributions	Receipts and
					Changes in
					Net Assets
Governmental Activities:					
General Government	\$ 75,370	\$ -	\$ -	\$ -	\$ (75,370)
Public Safety	78,474	-	-	138,880	60,406
Public Works	299,962	-	159,187	-	(140,775)
Health	7,602	-	-	-	(7,602)
Capital Outlay	93,161	-	-	-	(93,161)
Debt Service:					
Principal Retirement	8,306	-	-	-	(8,306)
Interest and Fiscal Charges	737	-	-	-	(737)
Total Governmental Activities	\$ 563,612	\$ -	\$ 159,187	\$ 138,880	\$ (265,545)

General Receipts:

Property Taxes Levied for:	
General Purposes	196,966
Grants and Entitlements not	
Restricted to Specific Programs	50,740
Other Debt Proceeds	83,000
Earnings on Investment	84
Miscellaneous	2,996
	<hr/>
Total General Receipts	333,786
	<hr/>
Change in Net Position	68,241
	<hr/>
Net Position Beginning of Year, Restated	239,413
	<hr/>
Net Position End of Year	\$ 307,654
	<hr/>

See notes to the basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2021**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>American Rescue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:						
Equity in Pooled Cash and Cash Equivalents	\$ 31,580	\$ 123,347	\$ 67	\$ 138,533	\$ 14,127	\$ 307,654
Total Assets	<u>\$ 31,580</u>	<u>\$ 123,347</u>	<u>\$ 67</u>	<u>\$ 138,533</u>	<u>\$ 14,127</u>	<u>\$ 307,654</u>
Fund Balances:						
Restricted	-	123,347	67	138,533	8,906	270,853
Committed	-	-	-	-	5,221	5,221
Unassigned	31,580	-	-	-	-	31,580
Total Fund Balances	<u>\$ 31,580</u>	<u>\$ 123,347</u>	<u>\$ 67</u>	<u>\$ 138,533</u>	<u>\$ 14,127</u>	<u>\$ 307,654</u>

See notes to basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2021**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>American Rescue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS						
Property and Other Local Taxes	\$ 99,371	\$ -	\$ 68,367	\$ -	\$ 29,228	\$ 196,966
Intergovernmental	36,708	138,870	9,719	138,880	24,630	348,807
Earnings on Investments	24	56	-	-	4	84
Miscellaneous	2,789	-	-	-	207	2,996
Total Receipts	<u>138,892</u>	<u>138,926</u>	<u>78,086</u>	<u>138,880</u>	<u>54,069</u>	<u>548,853</u>
CASH DISBURSEMENTS:						
Current:						
General Government	69,183	1,802	2,050	-	2,335	75,370
Public Safety	579	-	76,099	347	1,449	78,474
Public Works	89,571	161,701	-	-	48,690	299,962
Health	7,602	-	-	-	-	7,602
Capital Outlay	27,427	44,629	-	-	21,105	93,161
Debt Service:						
Principal Retirement	2,706	4,565	-	-	1,035	8,306
Interest and Fiscal Charges	240	405	-	-	92	737
Total Disbursements	<u>197,308</u>	<u>213,102</u>	<u>78,149</u>	<u>347</u>	<u>74,706</u>	<u>563,612</u>
Excess of Receipts Over (Under) Disbursements	(58,416)	(74,176)	(63)	138,533	(20,637)	(14,759)
Other Financing Sources (Uses)						
Other Debt Proceeds	27,044	45,619	-	-	10,337	83,000
Total Other Financing Sources (Uses)	<u>27,044</u>	<u>45,619</u>	<u>-</u>	<u>-</u>	<u>10,337</u>	<u>83,000</u>
Net Change in Fund Cash Balance	(31,372)	(28,557)	(63)	138,533	(10,300)	68,241
Cash Fund Balances Beginning of Year, Restated	<u>62,952</u>	<u>151,904</u>	<u>130</u>	<u>-</u>	<u>24,427</u>	<u>239,413</u>
Cash Fund Balances End of Year	<u>\$ 31,580</u>	<u>\$ 123,347</u>	<u>\$ 67</u>	<u>\$ 138,533</u>	<u>\$ 14,127</u>	<u>\$ 307,654</u>

See notes to basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 87,000	\$ 95,687	\$ 99,371	\$ 3,684
Intergovernmental	34,700	34,700	36,708	2,008
Earnings on Investments	33	33	24	(9)
Miscellaneous	500	500	2,789	2,289
Total Receipts	<u>122,233</u>	<u>130,920</u>	<u>138,892</u>	<u>7,972</u>
CASH DISBURSEMENTS:				
Current:				
General Government	76,854	75,464	69,183	6,281
Public Safety	5,500	6,100	579	5,521
Public Works	50,000	97,452	93,341	4,111
Health	3,675	9,176	7,602	1,574
Capital Outlay	1,050	27,523	27,427	96
Debt Service:				
Principal Retirement	-	2,706	2,706	-
Interest and Fiscal Charges	-	240	240	-
Total Disbursements	<u>137,079</u>	<u>218,661</u>	<u>201,078</u>	<u>17,583</u>
Excess of Receipts Over (Under) Disbursements	(14,846)	(87,741)	(62,186)	25,555
Other Financing Sources (Uses)				
Other Debt Proceeds	-	27,044	27,044	-
Total Other Financing Sources (Uses)	-	27,044	27,044	-
Net Change in Fund Balance	(14,846)	(60,697)	(35,142)	25,555
Cash Fund Balances Beginning of Year, Restated	<u>62,952</u>	<u>62,952</u>	<u>62,952</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 48,106</u>	<u>\$ 2,255</u>	<u>\$ 27,810</u>	<u>\$ 25,555</u>

See notes to basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Intergovernmental	\$ 120,001	\$ 138,846	\$ 138,870	\$ 24
Earnings on Investments	61	61	56	(5)
Miscellaneous	-	45,619	-	(45,619)
Total Receipts	<u>120,062</u>	<u>184,526</u>	<u>138,926</u>	<u>(45,600)</u>
CASH DISBURSEMENTS:				
Current:				
General Government	1,158	3,433	1,802	1,631
Public Works	84,675	186,753	177,838	8,915
Capital Outlay	1,100	44,775	44,629	146
Debt Service:				
Principal Retirement	-	4,565	4,565	-
Interest and Fiscal Charges	-	405	405	-
Total Disbursements	<u>86,933</u>	<u>239,931</u>	<u>229,239</u>	<u>10,692</u>
Excess of Receipts Over (Under) Disbursements	33,129	(55,405)	(90,313)	(34,908)
Other Financing Sources (Uses)				
Other Debt Proceeds	-	-	45,619	45,619
Total Other Financing Sources (Uses)	-	-	45,619	45,619
Net Change in Fund Balance	33,129	(55,405)	(44,694)	10,711
Cash Fund Balances Beginning of Year, Restated	<u>151,904</u>	<u>151,904</u>	<u>151,904</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 185,033</u>	<u>\$ 96,499</u>	<u>\$ 107,210</u>	<u>\$ 10,711</u>

See notes to basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 67,250	\$ 68,324	\$ 68,367	\$ 43
Intergovernmental	9,775	9,775	9,719	(56)
Total Receipts	<u>77,025</u>	<u>78,099</u>	<u>78,086</u>	<u>(13)</u>
CASH DISBURSEMENTS:				
Current:				
General Government	2,000	2,050	2,050	-
Public Safety	75,025	76,099	76,099	-
Total Disbursements	<u>77,025</u>	<u>78,149</u>	<u>78,149</u>	<u>-</u>
Net Change in Cash Fund Balances	-	(50)	(63)	(13)
Cash Fund Balances Beginning of Year	<u>130</u>	<u>130</u>	<u>130</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 130</u>	<u>\$ 80</u>	<u>\$ 67</u>	<u>\$ (13)</u>

See notes to basic financial statements.

**HARMONY TOWNSHIP
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
AMERICAN RESCUE PLAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Intergovernmental	\$ 347	\$ 347	\$ 138,880	\$ 138,533
Total Receipts	<u>347</u>	<u>347</u>	<u>138,880</u>	<u>138,533</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	347	347	347	-
Total Disbursements	<u>347</u>	<u>347</u>	<u>347</u>	<u>-</u>
Net Change in Fund Balance	-	-	138,533	138,533
Cash Fund Balances Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,533</u>	<u>\$ 138,533</u>

See notes to basic financial statements.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

1. DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

The Township of Harmony, Morrow County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publicly elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township road and bridges, cemetery maintenance, and fire services. The Township contracts with the Big Walnut Joint Fire District for fire protection.

Public Entity Risk Pool

The Township participates a public entity risk pool. See Note 6 to the financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Township has no business-type activities.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net position presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the programs goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Township uses fund accounting 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 divided into one category: governmental.

Governmental Funds

Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

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

Gasoline Tax Fund – This fund receives gasoline tax monies restricted for maintenance and repair of roads in the Township.

Fire District Fund – This fund accounts for and reports property tax restricted for payment of their fire contract with the Big Walnut Joint Fire District.

American Rescue Plan Fund – This fund accounts for and reports American Rescue Plan Act monies.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note. There were no modifications having substantial support.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except custodial funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and set limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2021 was \$24.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent monies restricted for use in regards to road maintenance, cemetery and capital projects.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township’s cash basis of accounting.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither a other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for road maintenance, cemetery and capital projects.

The Township's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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 nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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 – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees removes or change the specified use by taking the same type of action (resolution) it employed to previously commit the amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual-Budget Basis presented for the General Fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences between the budgetary basis and the cash basis are as follows:

**HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

3. BUDGETARY BASIS OF ACCOUNTING (Continued)

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis)

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Gasoline Tax	Fire District	American Rescue
Cash Basis	\$ 31,580	\$ 123,347	\$ 67	\$ 138,533
End of Year:				
Encumbrances	3,770	16,137	-	-
Budget Basis	\$ 27,810	\$ 107,210	\$ 67	\$ 138,533

4. DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuance of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligation described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

4. DEPOSITS AND INVESTMENTS (Continued)

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligation of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirement have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the fiscal officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Township did not have any undeposited cash on hand for 2021.

Deposits:

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$65,481 of the Township's bank balance of \$315,481 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the township and deposited a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured: or participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

5. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2021 for real and public utility property taxes represent collections of 2020 taxes.

2020 real property taxes are levied after October 1, 2021, on assessed value at January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2021, was 4.20 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Real Property	\$ 62,469,690
Public Utility Personal Property	2,762,480
Total Assessed Value	\$ 65,232,170

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

6. 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:

	2021
Cash and investments	\$34,880,599
Actuarial liabilities	10,601,444

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description - Township employees, other than full-time police and firefighters participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional plan and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

7. DEFINED BENEFIT PENSION PLAN (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

**HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

7. DEFINED BENEFIT PENSION PLAN (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions as follows:

	and Local		Safety		Enforcement	
2021 Statutory Maximum Contribution Rates						
Employer	14.0	%	18.1	%	18.1	%
Employee *	10.0	%	*		**	
2021 Actual Contribution Rates						
Employer:						
Pension*****	14.0	%	18.1	%	18.1	%
Post-employment Health Care Benefits *****	0.0		0.0		0.0	
Total Employer	14.0	%	18.1	%	18.1	%
Employee	10.0	%	12.0	%	13.0	%
* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.						
** This rate is determined by the OPERS' Board and has no maximum rate established by the ORC.						
*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.						
**** These pension and employer health care rates is for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension						

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

7. DEFINED BENEFIT PENSION PLAN (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$11,644 for year 2021.

8. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan – a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the Combined Plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for post-employment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately on the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at a rate at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

8. POSTEMPLOYMENT BENEFITS (Continued)

Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$1,940 for the year 2021.

9. DEBT

The Township's debt activity for the year ended December 31, 2021, was as follows:

	Balance January 1 2021	Issued	Retired	Balance December 31 2021	Amount Due Within One Year
Lease Purchase	\$ -	\$ 83,000	\$ 8,306	\$ 74,694	\$ 18,251
Total	<u>\$ -</u>	<u>\$ 83,000</u>	<u>\$ 8,306</u>	<u>\$ 74,694</u>	<u>\$ 18,251</u>

In 2021, the Township entered into a lease-purchase agreement in the amount of \$83,000 to be used to acquire a 2020 Western Star Tandem Dump Truck. The monthly lease payment is \$1,809 for 48 months with an interest rate of 2.22%

Amortization of the above debt is as follows:

	Equipment Bonds	
	Principal	Interest
2022	\$ 18,251	\$ 1,386
2023	18,367	1,000
2024	18,309	573
2025	19,767	119
Total	<u>\$ 74,694</u>	<u>\$ 3,078</u>

HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

10. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for major governmental funds and all other governmental funds as of December 31, 2021 are presented below:

Fund Balance	General	Gasoline Tax	American Rescue	Special Fire Levy
Restricted				
Fire and EMS	\$ -	\$ -	\$ -	\$ 67
Public Safety	-	-	138,533	-
Road & Bridge Maint.	-	123,347	-	-
Total Restricted	<u>-</u>	<u>123,347</u>	<u>138,533</u>	<u>67</u>
Committed				
Road & Bridge Maint	-	-	-	-
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	31,580	-	-	-
Total Fund Balances	<u>\$ 31,580</u>	<u>\$ 130,128</u>	<u>\$ 138,533</u>	<u>\$ 67</u>

Fund Balance	Other Gov. Funds	Total
Restricted		
Fire and EMS	\$ -	\$ 67
Public Safety	-	138,533
Road & Bridge Maint.	8,906	132,253
Total Restricted	<u>8,906</u>	<u>270,853</u>
Committed		
Road & Bridge Maint	5,221	5,221
Total Committed	<u>5,221</u>	<u>5,221</u>
Unassigned	-	31,580
Total Fund Balances	<u>\$ 14,127</u>	<u>\$ 307,654</u>

11. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Township did receive COVID-19 funding. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

In 2021 the Township received \$138,880 from the American Rescue Plan.

**HARMONY TOWNSHIP
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

12. RESTATEMENT OF FUND BALANCE

Fund balance in the General Fund , Gasoline Tax Fund and Other Governmental Funds has been restated for the year beginning January 1, 2021 as voided checks were added back:

	General Fund	Gasoline Tax	Other Governmental
Fund Balance at December 31, 2020	\$ 62,866	\$ 151,858	\$ 24,284
Adjustments	86	46	143
Fund Balance at January 1, 2021	<u>\$ 62,972</u>	<u>\$ 151,904</u>	<u>\$ 24,427</u>

13. COMPLIANCE

Contrary to Ohio Revised Code 5705.39, the Township had funds where appropriations exceeded estimated resources.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Harmony Township
Morrow County
2324 County Road 170
Marengo, Ohio 43334

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harmony Township, Morrow County as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 18, 2023, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Harmony 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 a 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 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 to be material weaknesses. We consider finding 2022-001 and 2022-003 to be material weaknesses.

Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page Two

Compliance and Other Matters

As part of reasonably assuring whether Harmony 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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2022-002.

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 communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 18, 2023

**HARMONY TOWNSHIP
MORROW COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001

Material Weakness

During 2022 and 2021, the Fiscal Officer did not accurately post budgeted receipts and amendments made to them to the accounting system. Variances existed between the Certificate of Estimated Resources and the amounts posted to the accountings system. The following table details these variances:

Fund	Amount Per Last Amended Certificate	Amounts Posted To Accounting System	Variance
General (2022)	\$ 118,355	\$ 138,790	\$ (20,435)
MVL Tax (2022)	9,629	9,179	450
Gasoline Tax (2022)	147,205	138,926	8,279
Road & Bridge (2022)	28,147	34,116	(5,969)
Fire District (2022)	72,704	81,372	(8,668)
American Rescue (2022)	-	138,634	(138,634)
Permissive MVL Tax (2022)	10,308	12,425	(2,117)
Capital Projects (2022)	-	100,000	(100,000)
General (2021)	118,355	157,963	(39,608)
MVL Tax (2021)	9,629	10,969	(1,340)
Gasoline Tax (2021)	117,764	184,256	(66,492)
Road & Bridge (2021)	28,147	42,668	(14,521)
Fire District (2020)	72,703	78,099	(5,396)
American Rescue (2021)	-	347	(347)
Permissive MVL Tax (2021)	10,308	14,306	(3,998)

We recommend the Fiscal Officer accurately post estimated receipts as approved by the County Budget Commission into the computer system. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Client Response: We received no response from the client.

**HARMONY TOWNSHIP
MORROW COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-002

Noncompliance – Appropriations Exceeding Estimated Resources

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total estimate or amended official estimate.

Fund	Year	Estimated Resources	Appropriations	Variance
General	2022	\$ 149,935	\$ 162,179	\$ (12,244)
Road & Bridge	2022	33,369	37,670	(4,301)
Fire District	2022	72,771	81,387	(8,616)
Permissive MVL	2022	14,466	15,968	(1,502)
Capital Projects	2022	-	100,000	(100,000)
General	2021	118,355	218,660	(100,305)
Road & Bridge	2021	40,192	51,263	(11,071)
Fire District	2021	72,834	78,149	(5,315)
American Rescue	2021	-	347	(347)
Permissive MVL	2021	16,707	19,555	(2,848)

We recommend the Board of Trustees review estimated resources versus appropriations throughout the year. Also, the Board of Trustees should not approve appropriations greater than estimated resources. This could result in the Township spending more money than it receives and could cause possible negative fund balances.

Client Response: We received no response from the client.

FINDING NUMBER 2022-003

Material Weakness – Reclassifications

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

**HARMONY TOWNSHIP
MORROW COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-003 (Continued)

As a result of audit procedures, errors were noted that required reclassification to the financial statements as follows which have been made to the financial statements and accounting records:

The following is related to 2021:

- A reclassification in the amount of \$27,044 to increase Other Debt Proceeds and decrease Other Financing Sources for new debt in the General Fund.
- A reclassification in the amount of \$5,501 to decrease Public Safety and increase Health for RE tax fees in the General Fund.
- A reclassification in the amounts of \$1,571, \$45,619, \$6,941 and \$1,825 to increase Other Debt Proceeds and to decrease Miscellaneous Revenue in the MVL Tax Fund, Gasoline Tax Fund, Road & Bridge Fund and Permissive MVL Fund, respectively for new debt.

Client Response: We received no response from the client.

**HARMONY TOWNSHIP
MORROW COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2020-001	Material Weakness Budgetary Postings	No	Not Corrected; stated in current report as Finding 2022-001

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OHIO AUDITOR OF STATE KEITH FABER



HARMONY TOWNSHIP

MORROW 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 9/12/2023

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