

HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2023 & 2022**



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Columbus, Ohio 43215
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800-282-0370

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

We have reviewed the *Independent Auditor's Report* of Harrison Township, Pickaway County, prepared by Julian & Grube, Inc., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 27, 2024

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**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

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Independent Auditor's Report

Harrison Township
Pickaway County
PO Box 22
Asheville, Ohio 43103

To the Members of the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Harrison Township, Pickaway County, Ohio, which comprises the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental fund type of Harrison Township, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Harrison Township, as of December 31, 2023 and 2022, or changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the Financial Statements* section of our report. We are required to be independent of Harrison Township 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.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Harrison Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and GAAP, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Harrison 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 Responsibilities 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 generally accepted auditing standards and *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 generally accepted auditing standards 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 Harrison 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 Harrison Township's ability to continue as a going concern for a reasonable period of time.

Harrison Township
Pickaway County
Independent Auditor's Report

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 our report dated July 26, 2024 on our consideration of Harrison Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harrison Township's 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 Harrison Township's internal control over financial reporting and compliance.



Julian & Grube, Inc.
July 26, 2024

Harrison Township
Pickaway County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts				
Property and Other Local Taxes	\$ 138,251	\$ 2,140,342	\$ -	\$ 2,278,593
Charges for Services	-	1,310,559	-	1,310,559
Licenses, Permits and Fees	19,796	38,820	-	58,616
Intergovernmental	90,747	215,008	-	305,755
Earnings on Investments	39,624	3,959	-	43,583
Miscellaneous	1,604	36,652	-	38,256
<i>Total Cash Receipts</i>	<u>290,022</u>	<u>3,745,340</u>	<u>-</u>	<u>4,035,362</u>
Cash Disbursements				
Current:				
General Government	182,225	3,662	-	185,887
Public Safety	-	2,677,890	-	2,677,890
Public Works	-	251,534	-	251,534
Health	21,450	87,760	-	109,210
Capital Outlay	661	429,361	-	430,022
Debt Service:				
Principal Retirement	-	-	100,220	100,220
Interest and Fiscal Charges	-	-	11,405	11,405
<i>Total Cash Disbursements</i>	<u>204,336</u>	<u>3,450,207</u>	<u>111,625</u>	<u>3,766,168</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	85,686	295,133	(111,625)	269,194
Other Financing Receipts (Disbursements)				
Transfers In	-	50,000	111,625	161,625
Transfers Out	(50,000)	(111,625)	-	(161,625)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(50,000)</u>	<u>(61,625)</u>	<u>111,625</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	35,686	233,508	-	269,194
<i>Fund Cash Balances, January 1</i>	<u>1,042,029</u>	<u>3,244,498</u>	<u>-</u>	<u>4,286,527</u>
Fund Cash Balances, December 31	<u>\$ 1,077,715</u>	<u>\$ 3,478,006</u>	<u>\$ -</u>	<u>\$ 4,555,721</u>

See accompanying notes to the financial statement

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

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

The Township participates in joint ventures and a public entity risk pool. Notes 7 and 11 to the financial statement provides additional information for these entities.

Joint Ventures:

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

Public Entity Risk Pool:

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

The Township’s management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are all organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2023

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Fire Fund The Fire Fund accounts for and reports that portion of property tax money and charges for services to provide fire protection for the Township residents.

Cemetery Fund The Cemetery Fund accounts for and reports fees received for the sale of cemetery plots and burials and used to maintain and repair the cemetery.

Road and Bridge Fund The Road and Bridge Fund accounts for and reports that portion of the property tax money for constructing, maintaining and repairing Township roads and bridges.

Gas Tax Fund The Gas Tax Fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The Motor Vehicle License Tax Fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

American Rescue Recovery Fund The American Rescue Recovery Fund accounts for and reports funds received and used for expenses related to the prevention of the Coronavirus.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following Debt Service Fund:

General Note Retirement Fund The General Note Retirement Fund receives transfers from other funds to pay debt service expenditures.

Basis of Accounting

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

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2023

Budgetary Process

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

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated

A summary of 2023 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2023

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

The Township is in noncompliance with Ohio Administrative Code Section 117-2-02(C)(1) for approved appropriations and estimated resources not agreeing to the financial accounting system budgetary amounts.

The Township is in noncompliance with Ohio Revised Code Sections 5705.40 & 5705.41(B) for not properly modifying its appropriations at the legal level of control in certain funds, which caused disbursements to exceed appropriations in certain funds.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$227,500	\$290,022	\$62,522
Special Revenue	3,690,100	3,795,340	105,240
Debt Service	111,700	111,625	(75)
Total	\$4,029,300	\$4,196,987	\$167,687

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2023

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$288,247	\$255,727	\$32,520
Special Revenue	3,796,484	3,581,112	215,372
Debt Service	111,700	111,625	75
Total	\$4,196,431	\$3,948,464	\$247,967

Note 5 – Deposits and Investments

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

	<u>2023</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$3,055,488
Certificates of deposit	<u>1,500,233</u>
Total deposits	<u>\$4,555,721</u>

The Township does not use a separate payroll clearing account. The disbursements included in the accompanying financial statement reflects net payroll plus all remitted payroll withholdings. At December 31, 2023, the Township is holding no unremitted employee payroll withholdings.

Deposits

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

Note 6 – Property Taxes

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

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

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2023

Note 7 – Risk Management

Harrison 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 Harrison 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, 2023:

Cash and investments	\$33,494,457
Actuarial liabilities	\$10,885,849

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters’ wages. The Township has paid all contributions required through December 31, 2023.

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2023

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2021 Fire Addition Loan	456,139	2.05%
Total	<u>\$456,139</u>	

The 2021 Fire Addition Loan is for the new fire station addition to be paid in full in 2028. Principal and interest amounts are paid from the General Note Retirement Fund (Debt Service Fund Type).

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2023

Amortization

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

<u>Year Ending</u> <u>December 31:</u>	<u>2021 Fire</u> <u>Addition Loan</u>
2024	\$111,625
2025	111,625
2026	111,625
2027	111,625
2028	35,022
Total	<u>\$481,522</u>

Note 11 – Joint Ventures

North Gate Alliance Cooperative Economic Development Agreement (CEDA) – The CEDA, which was passed by a resolution dated December 6, 2004, was created for the contracting parties to cooperate in creating and preserving jobs and employment opportunities and to cooperate in inducing and fostering economic development in the northern portion of the county.

The CEDA agreement addresses the issues of utility services, annexation, road maintenance, fire and emergency service, and joint planning in the CEDA area, which includes all of the unincorporated Harrison Township. The North Gate Alliance CEDA also provides for the sharing of income tax on any new businesses locating in the agreement area.

Northern Pickaway County Joint Economic Development District (JEDD) – The JEDD is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.72 through 715.81 as a result of an agreement between Harrison Township, the City of Columbus, and the Village of Ashville entered into during 2007. The District’s purpose is to promote and facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the District, the municipalities, and the township. The JEDD levies a 2.50 percent income tax.

The JEDD Board of Directors consists of five members, one member representing the City (Board Member No. 1), one member representing the Township (Board Member No. 2), one member representing the owners of businesses located within the District (Board Member No. 3), one member representing the persons working within the District (Board Member No. 4), and one member selected by the other members (Board Member No. 5). After service of an initial term, terms for each member shall be for two years. The JEDD operates on a calendar year basis. The term of the contract shall terminate at midnight on December 31, 2056, unless otherwise terminated prior to that date.

As part of the contract forming the JEDD, the Township, Village and City provide certain services to the JEDD as determined by the Annexation Moratorium Agreement and the North Gate Alliance Cooperative Economic Development Agreement.

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2023

Note 11 – Joint Ventures

The net tax revenues in excess of the expenses of the JEDD, not to exceed 12.50%, shall be divided and distributed equally into two funds:

1. The Partner Proceeds Fund which will provide:
 - a. 70.00% to the City of Columbus
 - b. 15.00% to Harrison Township
 - c. 15.00% to the Village of Ashville

2. The Partner Investment Reimbursement Fund which will provide:
 - a. Reimbursements to the JEDD Parties for capital improvement projects made on behalf of and authorized by the District or any related joint economic development districts. When all JEDD Parties have been fully reimbursed, this Fund will no longer exist and all monies will go into the Partner Proceeds Fund.

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

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Total
Outstanding Encumbrances	1,391	19,280	0	20,671
Total	\$1,391	\$19,280	\$0	\$20,671

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and debt service funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2023, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2023

Note 14 – Transfers

The Township made transfers during 2023. The Fire Fund (Special Revenue Fund Type) transferred to the General Note Retirement Fund (Debt Service Fund Type) the amount of \$111,625 for the purpose of paying the debt service payment on the 2021 Fire Addition Loan. The General Fund transferred to the Cemetery Fund (Special Revenue Fund Type) the amount of \$50,000 for the purpose of covering expenses for the cemetery.

Note 15 – Contingent Liabilities

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

Harrison Township
Pickaway County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts				
Property and Other Local Taxes	\$ 116,907	\$ 1,556,744	\$ -	\$ 1,673,651
Charges for Services	-	1,473,112	-	1,473,112
Licenses, Permits and Fees	17,252	53,403	-	70,655
Intergovernmental	134,561	333,139	-	467,700
Earnings on Investments	4,482	428	-	4,910
Miscellaneous	11,529	73,447	-	84,976
<i>Total Cash Receipts</i>	<u>284,731</u>	<u>3,490,273</u>	<u>-</u>	<u>3,775,004</u>
Cash Disbursements				
Current:				
General Government	172,860	3,147	-	176,007
Public Safety	-	2,316,749	-	2,316,749
Public Works	-	255,534	-	255,534
Health	21,507	82,979	-	104,486
Capital Outlay	-	706,872	-	706,872
Debt Service:				
Principal Retirement	-	-	551,775	551,775
Interest and Fiscal Charges	-	-	20,500	20,500
<i>Total Cash Disbursements</i>	<u>194,367</u>	<u>3,365,281</u>	<u>572,275</u>	<u>4,131,923</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	90,364	124,992	(572,275)	(356,919)
Other Financing Receipts (Disbursements)				
Transfers In	-	-	572,275	572,275
Transfers Out	-	(572,275)	-	(572,275)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>(572,275)</u>	<u>572,275</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	90,364	(447,283)	-	(356,919)
<i>Fund Cash Balances, January 1</i>	<u>951,665</u>	<u>3,691,781</u>	<u>-</u>	<u>4,643,446</u>
Fund Cash Balances, December 31	<u>\$ 1,042,029</u>	<u>\$ 3,244,498</u>	<u>\$ -</u>	<u>\$ 4,286,527</u>

See accompanying notes to the financial statement

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

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

The Township participates in joint ventures and a public entity risk pool. Notes 7 and 11 to the financial statement provides additional information for these entities.

Joint Ventures:

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

Public Entity Risk Pool:

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

The Township’s management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are all organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2022

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Fire Fund The Fire Fund accounts for and reports that portion of property tax money and charges for services to provide fire protection for the Township residents.

Cemetery Fund The Cemetery Fund accounts for and reports fees received for the sale of cemetery plots and burials and used to maintain and repair the cemetery.

Road and Bridge Fund The Road and Bridge Fund accounts for and reports that portion of the property tax money for constructing, maintaining and repairing Township roads and bridges.

Gas Tax Fund The Gas Tax Fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The Motor Vehicle License Tax Fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

American Rescue Recovery Fund The American Rescue Recovery Fund accounts for and reports funds received and used for expenses related to the prevention of the Coronavirus.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following Debt Service Fund:

General Note Retirement Fund The General Note Retirement Fund receives transfers from other funds to pay debt service expenditures.

Basis of Accounting

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

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2022

Budgetary Process

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

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2022 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2022

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

The Township is in noncompliance with Ohio Administrative Code Section 117-2-02(C)(1) for approved appropriations and estimated resources not agreeing to the financial accounting system budgetary amounts.

The Township is in noncompliance with Ohio Revised Code Sections 5705.40 & 5705.41(B) for not properly modifying its appropriations at the legal level of control in certain funds, which caused disbursements to exceed appropriations in certain funds.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$204,100	\$284,731	\$80,631
Special Revenue	3,186,482	3,490,273	303,791
Debt Service	499,149	572,275	73,126
Total	\$3,889,731	\$4,347,279	\$457,548

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2022

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$313,445	\$195,664	\$117,781
Special Revenue	4,845,202	3,954,340	890,862
Debt Service	501,500	572,275	(70,775)
Total	\$5,660,147	\$4,722,279	\$937,868

Note 5 – Deposits and Investments

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

	<u>2022</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$2,798,357
Certificates of deposit	<u>1,488,170</u>
Total deposits	<u>\$4,286,527</u>

The Township does not use a separate payroll clearing account. The disbursements included in the accompanying financial statement reflects net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding no unremitted employee payroll withholdings.

Deposits

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

Note 6 – Property Taxes

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

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

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2022

Note 7 – Risk Management

Harrison 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 Harrison 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, 2022:

Cash and investments	\$ 32,288,098
Actuarial liabilities	\$ 9,146,434

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2022

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2022.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

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

Effective January 1, 2022, OPERS discontinued the group plans currently 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.

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
2021 Fire Addition Loan	556,359	2.05%
Total	\$556,359	

The 2021 Fire Addition Loan is for the new fire station addition to be paid in full in 2028. Principal and interest amounts are paid from the General Note Retirement Fund (Debt Service Fund Type).

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2022

Amortization

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

<u>Year Ending</u> <u>December 31:</u>	<u>2021 Fire</u> <u>Addition Loan</u>
2023	\$111,625
2024	111,625
2025	111,625
2026	111,625
2027	111,625
2028	35,022
Total	<u><u>\$593,147</u></u>

Note 11 – Joint Ventures

North Gate Alliance Cooperative Economic Development Agreement (CEDA) – The CEDA, which was passed by a resolution dated December 6, 2004, was created for the contracting parties to cooperate in creating and preserving jobs and employment opportunities and to cooperate in inducing and fostering economic development in the northern portion of the county.

The CEDA agreement addresses the issues of utility services, annexation, road maintenance, fire and emergency service, and joint planning in the CEDA area, which includes all of the unincorporated Harrison Township. The North Gate Alliance CEDA also provides for the sharing of income tax on any new businesses locating in the agreement area.

Northern Pickaway County Joint Economic Development District (JEDD) – The JEDD is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.72 through 715.81 as a result of an agreement between Harrison Township, the City of Columbus, and the Village of Ashville entered into during 2007. The District’s purpose is to promote and facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the District, the municipalities, and the township. The JEDD levies a 2.50 percent income tax.

The JEDD Board of Directors consists of five members, one member representing the City (Board Member No. 1), one member representing the Township (Board Member No. 2), one member representing the owners of businesses located within the District (Board Member No. 3), one member representing the persons working within the District (Board Member No. 4), and one member selected by the other members (Board Member No. 5). After service of an initial term, terms for each member shall be for two years. The JEDD operates on a calendar year basis. The term of the contract shall terminate at midnight on December 31, 2056, unless otherwise terminated prior to that date.

As part of the contract forming the JEDD, the Township, Village and City provide certain services to the JEDD as determined by the Annexation Moratorium Agreement and the North Gate Alliance Cooperative Economic Development Agreement.

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2022

Note 11 – Joint Ventures

The net tax revenues in excess of the expenses of the JEDD, not to exceed 12.50%, shall be divided and distributed equally into two funds:

1. The Partner Proceeds Fund which will provide:
 - a. 70.00% to the City of Columbus
 - b. 15.00% to Harrison Township
 - c. 15.00% to the Village of Ashville

2. The Partner Investment Reimbursement Fund which will provide:
 - a. Reimbursements to the JEDD Parties for capital improvement projects made on behalf of and authorized by the District or any related joint economic development districts. When all JEDD Parties have been fully reimbursed, this Fund will no longer exist and all monies will go into the Partner Proceeds Fund.

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

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Total
Outstanding Encumbrances	1,297	16,784	0	18,081
Total	\$1,297	\$16,784	\$0	\$18,081

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and debt service funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Harrison Township
Pickaway County
Notes to the Financial Statement
For the Year Ended December 31, 2022

Note 14 – Transfers

The Township made transfers during 2022. The Fire Fund (Special Revenue Fund Type) transferred to the General Note Retirement Fund (Debt Service Fund Type) the amount of \$572,275 for the purpose of paying the debt service payment on the 2017 Fire Engine Loan and the 2021 Fire Addition Loan.

Note 15 – Contingent Liabilities

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Harrison Township
Pickaway County
PO Box 22
Ashville, Ohio 43103

To the Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type of Harrison Township, Pickaway County, Ohio, as of and for the years ended December 31, 2023, and 2022 and the related notes to the financial statements and have issued our report thereon dated July 26, 2024, wherein we noted Harrison Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harrison Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harrison Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Harrison Township's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 through 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrison Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2023-002 and 2023-003.

Harrison Township's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Harrison Township's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. Harrison Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on these responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harrison Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harrison Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
July 26, 2024

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2023-001

Material Weakness - Financial Reporting

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information.

The following adjustments were made to the financial statements, financial accounting system, and notes for the years ended December 31, 2023 and 2022, respectively.

2023:

- General Fund miscellaneous receipts were decreased and intergovernmental receipts were increased \$58,463 to properly report JEDD receipts.
- General Note Retirement Fund (Debt Service Fund Type) interest disbursements were decreased and principal disbursements were increased \$7,227 to properly report debt service payments.

2022:

- General Fund miscellaneous receipts were decreased and intergovernmental receipts were increased \$102,454 to properly report JEDD receipts.
- General Fund property and other local tax receipts were decreased \$6,382, Fire Fund (Special Revenue Fund Type) property and other local tax receipts were increased \$5,833, and Road and Bridge Fund (Special Revenue Fund Type) were increased \$549 to properly report property tax receipts. The corresponding effect on the beginning fund balances is to the Hinkle statements only.

Control procedures not properly developed related to the financial statements limits management’s ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Township implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to filing them with the HINKLE system. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

Client Response: The Township Fiscal Officer will more closely examine their report prior to filing with HINKLE and will work toward more accurately presenting those in the future.

**HARRISON TOWNSHIP
PICKAWAY COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2023-002

Material Weakness/Noncompliance - Integration of Budgetary Information

Ohio Administrative Code 117-2-02(C)(1) states that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

The Township’s approved appropriations and estimated receipts did not agree to the financial accounting system budgetary amounts.

By not correctly including budgetary accounts into the financial accounting system, it could become challenging for the Township to easily monitor its budgeted activity in comparison with its actual amounts. The Township is also at risk for overspending in excess of available funds, which could possibly result in negative fund balances.

We recommend that approved budgetary modifications be incorporated into the financial accounting system by the Fiscal Officer in a timely manner. This will aid the Board of Trustees and Fiscal Officer in their review of budgetary versus actual information and help ensure budgetary requirements are followed.

Client Response: The Township Fiscal Officer will ensure budgetary modifications are accurately posted to the Township’s financial accounting system going forward.

Finding Number	2023-003
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Material Weakness/Noncompliance - Amended and Supplemental Appropriations

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. In addition, Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section states that any amendments to an appropriation measure be made by Board resolution and comply with the same provisions of the law as used in making the original appropriations.

The Township did not properly modify its appropriations at the legal level of control in certain funds. Due to not properly modifying appropriations, disbursements exceeded appropriations in certain funds.

By not timely and properly modifying the Township’s appropriations, the Township may not adequately monitor appropriations versus disbursements. With disbursements exceeding appropriations, overspending may occur which may result in a negative fund balance.

We recommend the Township comply with Ohio Revised Code by monitoring disbursements, so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

Client Response: We are aware of the requirement for the Board of Trustees to approve all appropriation amendments and are currently implementing additional policies and procedures to have all supplemental appropriations properly approved prior to including them in the Township’s accounting system and to review more closely that expenditures do not exceed appropriations.

Harrison Township

PICKAWAY COUNTY

OHIO

Donnie Mayse, Trustee
 James Deal, Trustee
 Frank Welsh, Trustee
 Lindsay Mayse, Fiscal Officer
 Sara LeMaster, Township Clerk

P.O. Box 22
 Ashville, OH 43103
 P: 740-983-1983
 F: 740-983-8114

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2023 AND 2022

Finding Number	Year Initially Incurred	Finding Summary	Status	Additional Information
2021-001	2019	<u>Material Weakness – Financial Reporting</u> – Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. Adjustments to the financial statements and related notes were necessary to properly report financial activity of the Township.	Not Corrected	Repeated as Finding 2023-001; as adjustments to the financial statements and related notes were necessary to properly state financial activity.
2021-002	2021	<u>Material Weakness/Noncompliance – Integration of Budgetary Information</u> – Ohio Administrative Code 117-2-02(C)(1) states that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances. The Township's approved appropriations and estimated receipts did not agree to the financial accounting system budgetary amounts for various funds.	Not Corrected	Repeated as Finding 2023-002; as appropriations and estimated receipts did not agree to the financial accounting system budgetary amounts.
2021-003	2021	<u>Material Weakness/Noncompliance – OPWC On-Behalf Payments</u> – Ohio Rev. Code § 5705.42 in part and Auditor of State (AOS) Bulletin 2000-008 indicates that when a local government enters into an on-behalf-of program agreement with another local government or the state, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made. The Township did not record payments made directly to contractors as part of their OPWC project.	Corrective Action Taken and Finding is Fully Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



HARRISON TOWNSHIP

PICKAWAY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/10/2024

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