

Harrison Township, Ohio



Basic Financial Statements

December 31, 2014

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Harrison Township
Hamilton County
300 George Street
Harrison, Ohio 45030

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Harrison Township, Ohio, (the Township) as of and for the year ended December 31, 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinions on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinions on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014, or changes in financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the combined cash balances of the Township, as of December 31, 2014, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions permitted by Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), described in Note 2.

Emphasis of Matter

As discussed in Note 14 to the financial statements, during 2014, the Township has elected to change its accounting basis to a regulatory basis of accounting the Auditor of State prescribes or permits. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2016, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

May 27, 2016

Harrison Township, Hamilton County
 Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances (Modified Cash Basis)
 All Governmental Fund Types
 For the Fiscal Year Ended December 31, 2014

	General	Special Revenue	Debt Service	Capital Projects	Totals
Receipts:					
Property and Other Local Taxes	\$318,093	\$437,249	\$0	\$0	\$755,342
Charges for Services	22,954	0	0	0	22,954
Licenses, Permits and Fees	33,403	0	0	0	33,403
Fines and Forfeitures	679	0	0	0	679
Intergovernmental	266,903	152,082	0	0	418,985
Earnings on Investments	5,130	570	0	2	5,702
Miscellaneous	33,111	0	0	0	33,111
Total Receipts	680,273	589,901	0	2	1,270,176
Disbursements:					
Current:					
Instruction:					
General Government	413,597	329,558	0	0	743,155
Public Safety	112,702	0	0	0	112,702
Public Works	23,268	104,625	0	0	127,893
Health	11,907	0	0	0	11,907
Conservation - Recreation	1,500	0	0	0	1,500
Capital Outlay	0	36,550	0	196,058	232,608
Debt Service:					
Principal Retirement	26,574	0	90,000	0	116,574
Interest and Fiscal Charges	5,785	0	0	0	5,785
Total Disbursements	595,333	470,733	90,000	196,058	1,352,124
Excess of Receipts Over (Under) Disbursements	84,940	119,168	(90,000)	(196,056)	(81,948)
Other Financing Receipts (Disbursements):					
Transfers In	0	0	90,000	195,393	285,393
Transfers (Out)	0	(285,393)	0	0	(285,393)
Total Other Financing Sources (Uses)	0	(285,393)	90,000	195,393	0
Net Change in Fund Cash Balance	84,940	(166,225)	0	(663)	(81,948)
Fund Cash Balance Beginning of Year	1,942,875	867,077	150,045	664	2,960,661
Fund Cash Balances:					
Restricted	0	700,852	150,045	0	850,897
Assigned	498,838	0	0	1	498,839
Unassigned (Deficit)	1,528,977	0	0	0	1,528,977
Fund Cash Balance End of Year	\$2,027,815	\$700,852	\$150,045	\$1	\$2,878,713

See accompanying notes to the basic financial statements.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2014

Note 1 - Reporting Entity

Harrison Township, Hamilton County, Ohio (the Township), is a body politic and corporate established in 1850 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. The Township also has an elected Fiscal Officer. The reporting entity is comprised solely of the primary government. The Township provides general government services, maintenance of Township roads and bridges and cemetery maintenance. The Township contracts with the City of Harrison for fire protection. Police protection is provided by the Hamilton County Sheriff's Department.

The Township participates in one jointly governed organization, Harrison Township/City of Harrison Joint Economic Development District, and in one public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA). For more information on the Harrison Township/City of Harrison Joint Economic Development District see note 9 and for information on OTARMA see note 6.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

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

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

Deposits and Investments

The Township's accounting basis includes investments as fund cash balance. 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.

The Township values Federal Home Loan Mortgage Corporation Notes at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report. The Township values certificates of deposit at cost.

Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2014

General Fund - The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

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:

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

Fire Levy Fund – This fund receives property tax money to pay for fire services contracted with the City of Harrison.

TIF Equivalent Fund – This fund was established to receive payment in lieu of taxes (TIF agreements) for the construction of certain roads, repair and maintenance of those roads, and related infrastructure.

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 significant Debt Service Fund:

TIF Debt Service Fund – This fund is used to account for the proceeds of the payments in lieu of taxes (TIF agreements) monies to make principal and interest payments on debt issued to finance certain roads, repair and maintenance of those roads, and related infrastructure.

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

Miscellaneous Capital Project Fund – This fund was established to account for and report financial resources for various capital improvement projects and purchases through out the Township.

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. Appropriations lapse at year end.

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

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2014

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

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 – resources that are not in spendable form or have legal or contractual requirements to maintain the balance intact.

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

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

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

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

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

Capital Assets

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

Accumulated Leave

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

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2014

Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Note 3 – Cash and Investments

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

Type	2014
Demand Deposits	\$1,523,384
Certificate of Deposit	200,000
Federal Home Loan Mortgage Corporation	1,000,000
StarOhio	5,284
Money Market	150,045
Total deposits and investments	\$2,878,713

Deposits - Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments – Certificates of Deposit are valued at cost. The Federal Reserve holds the Federal Home Loan Mortgage Corporation Notes in book-entry form by, and in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. Investments in STAROhio and in Money Market are not evidenced by securities that exist in physical or book-entry form.

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2014, was as follows:

Budgeted vs. Actual Receipts:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$700,000	\$680,272	(\$19,728)
Special Revenue	646,000	589,902	(56,098)
Debt Service	100,000	90,000	(10,000)
Capital Projects	204,000	195,395	(8,605)
Total	\$1,650,000	\$1,555,569	(\$94,431)

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2014

Budgeted vs. Actual Budgetary Basis Expenditures:

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,070,000	\$704,170	\$365,830
Special Revenue	1,228,000	780,642	447,358
Debt Service	99,000	90,000	9,000
Capital Projects	203,000	197,078	5,922
Total	<u>\$2,600,000</u>	<u>\$1,771,890</u>	<u>\$828,110</u>

Note 5 – Property Taxes

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

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

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

Note 6 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

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

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims. The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2014

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014:

	<u>2014</u>	<u>2013</u>
Assets	\$35,970,263	\$34,954,286
Liabilities	8,912,432	8,486,363
Net Position	27,057,831	26,467,923

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$7,000.

Based on discussions with OTARMA the expected rates charged by OTARMA to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Township's contributions to OTARMA for the years ending December 31, 2014 and 2013 were \$12,317 and \$18,899, respectively.

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

Note 7 – Debt

The Township's debt for the year ended December 31, 2014, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Tax Increment Financing Revenue Bonds	\$1,190,000	Variable

The Variable Rate Tax Increment Revenue Bonds (the Bonds) were issued on November 22, 2004, in the amount of \$1,865,000 for the purpose of constructing Southwest Parkway in Harrison Commerce Center. The TIF Revenue Bonds are not secured by the full faith and credit of the Township and the taxing power of the Township is not pledged to the payment of Bonds. The Bonds are limited revenue obligations of the issuer, payable solely from the service payments in lieu of taxes and certain other funds held under the trust agreement, and will neither secure nor be secured by any other obligations or

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2014

assets, if any, which the issuer may have or acquire. Under the Tax Increment Financing (TIF) Agreement the debt service requirements are initially the responsibility of the developer until the property owners pay sufficient revenues based on the increased value of the land and improvements. Debt service payments by the developer are not reflected in the Township's financial statements. Principal and interest on the Bonds will be paid from funds drawn by the Huntington National Bank, as trustee, under an irrevocable direct pay Letter of Credit issued by Fifth Third Bank in the total amount of \$1,348,384. Payments are being made from the TIF Debt Service Fund.

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

<u>Years</u>	<u>Tax Increment Financing Revenue Bonds</u>
2015	\$118,680
2016	121,791
2017	124,800
2018	127,711
2019	130,522
2020-2024	705,994
	<u>\$1,329,498</u>

Note 8 – Lease

The Township entered into a lease for a fire apparatus. The Township's lease for the year ended December 31, 2014, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Apparatus Municipal Lease	\$88,044	4.98%

The Township entered into the lease to finance the acquisition of a fire apparatus for the Township's use. The lease payments will be made from the General Fund.

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

<u>Years</u>	<u>Fire Apparatus Municipal Lease</u>
2015	\$32,359
2016	32,359
2017	32,360
	<u>\$97,078</u>

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2014

Note 9 – Jointly Governed Organization

In 2003, in accordance with the provisions of Ohio Revised Code Sections 715.72 through 715.81, a joint economic development district (JEDD) between the Township and the City of Harrison (the City) was approved by an agreement between the respective legislative authorities for a period of 99 years. The JEDD was formed for the purpose of facilitating economic development and improving the economic welfare of persons residing in the Township and the City. The agreement for formation of the district provides for the levying of an income tax on properties located within the district.

Note 10 – Interfund Transfers

Transfer activity for the years ending December 31, 2014:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Debt Service:		
TIF Debt Service	\$90,000	\$0
Capital Projects:		
Miscellaneous Capital Projects	195,393	0
Special Revenue:		
TIF Equivalent	<u>0</u>	<u>285,393</u>
	<u>\$285,393</u>	<u>\$285,393</u>

Transfers were made in 2014 for debt service payments and to pay for acquisition of capital items.

Note 11 – Pension Plans

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a Combined Plan (CO). The TP Plan is a cost-sharing multiple-employer defined benefit pension plan. The MD Plan is a defined contribution plan in which member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The CO Plan is a cost sharing, multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2014

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Township is 14% of covered payroll. The contribution rates are determined actuarially. The Township's required contributions to OPERS for the years ended December 31, 2014, 2013 and 2012 were \$14,190, \$13,845 and \$11,936, respectively. The full amount has been contributed for 2014, 2013 and 2012.

Note 12 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description

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 healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. 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 Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2014

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, the Township contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees 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.

Information from Township's Records

The rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The Township's actual contributions for the current year, which were used to fund postemployment benefits, were \$2,027 for 2014, \$989 for 2013, and \$3,410 for 2012. The full amount has been contributed for 2014, 2013 and 2012.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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Harrison Township, Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2014

Note 13 – Fund Cash Balances

Fund Cash 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 government funds. The constraints placed on fund balance for the governmental fund types are presented below:

Fund Balances	General	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Governmental Funds
Restricted for:					
Road and Bridge Maintenance and Improvements	\$0	\$657,459	\$0	\$0	\$657,459
Payments in Lieu and Capital Projects		43,393	0	0	43,393
Debt Service	0	0	150,045	0	150,045
Total Restricted	0	700,852	150,045	0	850,897
Assigned to:					
Budgetary Resources	498,838	0	0	0	498,838
Miscellaneous Capital Projects	0	0	0	1	1
Total Assigned	498,838	0	0	1	498,839
Unassigned (Deficit)	1,528,978	0	0	0	1,528,978
Total Fund Balance	\$2,027,816	\$700,852	\$150,045	\$1	\$2,878,714

Note 14 - Change in Accounting Basis Financial Statement Presentation

In the prior year, the Township reported financial statements commonly referred to as GASB #34 look-alike using a modified cash basis of accounting. In FY 2014, the Township changed its accounting basis and is presenting financial statements commonly referred to as regulatory basis financial statements using a modified cash basis of accounting. The regulatory basis of accounting the Auditor of State prescribes or permits is discussed in Note 2.

This change required immaterial adjustments to the previously reported balances.