



Dave Yost • Auditor of State



**HARRISON TOWNSHIP  
LOGAN COUNTY  
DECEMBER 31, 2016 AND 2015**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Harrison Township  
Logan County  
460 County Rd. 32 N  
Bellefontaine, Ohio 43311

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type, and related notes of Harrison Township, Logan County, Ohio (the Township) as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements by fund type, and related notes of Harrison Township, Logan County as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2018, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 23, 2018

**Harrison Township**  
 Logan 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, 2016

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$46,811	\$34,090		\$80,901
Licenses, Permits and Fees	1,601			1,601
Intergovernmental	25,677	99,754		125,431
Earnings on Investments	100	215		315
<i>Total Cash Receipts</i>	<u>74,189</u>	<u>134,059</u>		<u>208,248</u>
<b>Cash Disbursements</b>				
Current:				
General Government	37,277	800		38,077
Public Safety	44,979			44,979
Public Works		63,735		63,735
Debt Service:				
Principal Retirement		11,582		11,582
<i>Total Cash Disbursements</i>	<u>82,256</u>	<u>76,117</u>		<u>158,373</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,067)</u>	<u>57,942</u>		<u>49,875</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Sources	264	1,200		1,464
Other Financing Uses	(59)			(59)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>205</u>	<u>1,200</u>		<u>1,405</u>
<i>Net Change in Fund Cash Balances</i>	(7,862)	59,142		51,280
<i>Fund Cash Balances, January 1</i>	<u>97,088</u>	<u>167,270</u>	284	<u>264,642</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable			284	284
Restricted		157,977		157,977
Committed		68,435		68,435
Assigned	22,225			22,225
Unassigned	67,001			67,001
<i>Fund Cash Balances, December 31</i>	<u>\$89,226</u>	<u>\$226,412</u>	<u>\$284</u>	<u>\$315,922</u>

See accompanying notes to financial statement

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**Harrison Township**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2016*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Harrison Township, Logan 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 and cemetery maintenance. The Township contracts with the City of Bellefontaine and Riverside Emergency Medical Services, Inc. to provide emergency medical services and the City of Bellefontaine to provide fire protection.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 6 to the financial statement provides additional information for this entity.

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.

***Fund Accounting***

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

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

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

***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.

***Permanent Fund*** This fund accounts for and reports resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry).

**Harrison Township**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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 (D). This 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).

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 (D) permit.

***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.

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

A summary of 2016 budgetary activity appears in Note 3.

***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.

***Fund Balance***

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

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

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

**Harrison Township**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$69,500	\$74,453	\$4,953
Special Revenue	138,900	135,259	(3,641)
Capital Projects	57,000	0	(57,000)
Permanent	1	0	(1)
Total	<u>\$265,401</u>	<u>\$209,712</u>	<u>(\$55,689)</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$89,754	\$82,315	\$7,439
Special Revenue	167,400	76,117	91,283
Capital Projects	57,000	0	57,000
Permanent	35	0	35
Total	<u>\$314,189</u>	<u>\$158,432</u>	<u>\$155,757</u>

**Harrison Township**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 4 – Deposits**

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

	<u>2016</u>
Demand deposits	\$250,831
Other time deposits (money market savings account)	<u>65,091</u>
Total deposits	<u>\$315,922</u>

**Deposits**

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

**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 statement includes 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.

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 belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

**Harrison Township**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 6 – Risk Management (Continued)**

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Note 8 – Postemployment Benefits**

OPERS offers 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 2.0 percent during calendar year 2016.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan CM31P	\$67,767	0%
OPWC Loan CM31Q	65,466	0%
OPWC Loan CT47R	65,224	0%
Total	<u>\$198,457</u>	

The Township has three outstanding loans with the Ohio Public Works Commission (OPWC) for the purpose of widening the Township's roads. OPWC Loans CM31P and CM31Q, consisting of \$82,142 and \$77,019, respectively, were both initialized in 2013. OPWC Loan CT47R was initialized in 2014 in the amount of \$72,471. All three OPWC loans have 20 year loan terms and a 0% interest rate. OPWC Loans CM31P and CM31Q will mature in 2033 and OPWC Loan CT47R will mature in 2034.

**Harrison Township**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 9 – Debt (Continued)**

***Amortization***

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

Year ending December 31:	OPWC Loan CM31P	OPWC Loan CM31Q	OPWC Loan CT47R
2017	\$4,107	\$3,851	\$3,624
2018	4,107	3,851	3,624
2019	4,107	3,851	3,624
2020	4,107	3,851	3,624
2021	4,107	3,851	3,624
2022 - 2026	20,536	19,255	18,117
2027 - 2031	20,536	19,255	18,117
2032 - 2034	6,160	7,701	10,870
Total	<u>\$67,767</u>	<u>\$65,466</u>	<u>\$65,224</u>

**Harrison Township**  
 Logan 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, 2015

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$42,876	\$31,193		\$74,069
Licenses, Permits and Fees	2,439			2,439
Intergovernmental	33,038	103,545		136,583
Earnings on Investments	192	318	1	511
<i>Total Cash Receipts</i>	<u>78,545</u>	<u>135,056</u>	<u>1</u>	<u>213,602</u>
<b>Cash Disbursements</b>				
Current:				
General Government	45,784	776		46,560
Public Safety	25,725	17,540		43,265
Public Works		49,718		49,718
Debt Service:				
Principal Retirement		68,891		68,891
Interest and Fiscal Charges		1,922		1,922
<i>Total Cash Disbursements</i>	<u>71,509</u>	<u>138,847</u>		<u>210,356</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,036</u>	<u>(3,791)</u>	<u>1</u>	<u>3,246</u>
<b>Other Financing Receipts</b>				
Other Financing Sources	570	1,150		1,720
<i>Total Other Financing Receipts</i>	<u>570</u>	<u>1,150</u>		<u>1,720</u>
<i>Net Change in Fund Cash Balances</i>	7,606	(2,641)	1	4,966
<i>Fund Cash Balances, January 1</i>	<u>89,482</u>	<u>169,911</u>	<u>283</u>	<u>259,676</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable			284	284
Restricted		134,639		134,639
Committed		32,631		32,631
Assigned	20,254			20,254
Unassigned	76,834			76,834
<i>Fund Cash Balances, December 31</i>	<u>\$97,088</u>	<u>\$167,270</u>	<u>\$284</u>	<u>\$264,642</u>

See accompanying notes to the financial statement

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**Harrison Township**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2015*

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**Note 1 – Reporting Entity**

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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.

***Fund Accounting***

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***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:

***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.

***Road and Bridge Fund*** The road and bridge fund accounts for and reports that portion of the local real estate tax committed for maintenance and repair of roads and bridges within the Township.

***Permanent Fund*** This fund accounts for and reports resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry).

**Harrison Township**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2015*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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 (D). This 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).

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 (D) permit.

***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.

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

A summary of 2015 budgetary activity appears in Note 3.

***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.

***Fund Balance***

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

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

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

**Harrison Township**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2015*  
*(Continued)*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$69,500	\$79,115	\$9,615
Special Revenue	164,275	136,206	(28,069)
Capital Projects	29,000	0	(29,000)
Permanent	1	1	0
Total	<u>\$262,776</u>	<u>\$215,322</u>	<u>(\$47,454)</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$90,000	\$71,509	\$18,491
Special Revenue	185,210	138,847	46,363
Capital Projects	28,309	0	28,309
Permanent	34	0	34
Total	<u>\$303,553</u>	<u>\$210,356</u>	<u>\$93,197</u>

**Harrison Township**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2015*  
*(Continued)*

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**Note 4 – Deposits**

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

	<u>2015</u>
Demand deposits	<u>\$264,642</u>
<b><i>Deposits</i></b>	

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

**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 statement includes 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.

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 belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 members as of December 31, 2015.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

**Harrison Township**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2015*  
*(Continued)*

**Note 6 – Risk Management (Continued)**

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015.

	<b>2015</b>
Assets	\$14,643,667
Liabilities	(9,112,030)
Members' Equity	\$5,531,637

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**Note 8 – Postemployment Benefits**

OPERS offers 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
OPWC Loan CM31P	\$71,874	0%
OPWC Loan CM31Q	69,317	0%
OPWC Loan CT47R	68,848	0%
Total	\$210,039	

The Township has three outstanding loans with the Ohio Public Works Commission (OPWC) for the purpose of widening the Township's roads. OPWC Loans CM31P and CM31Q, consisting of \$82,142 and \$77,019, respectively, were both initialized in 2013. OPWC Loan CT47R was initialized in 2014 in the amount of \$72,471. All three OPWC loans have 20 year loan terms and a 0% interest rate. OPWC Loans CM31P and CM31Q will mature in 2033 and OPWC Loan CT47R will mature in 2034.

**Harrison Township**  
*Logan County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2015*  
*(Continued)*

**Note 9 – Debt (Continued)**

***Amortization***

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

Year ending December 31:	OPWC Loan CM31P	OPWC Loan CM31Q	OPWC Loan CT47R
2016	\$4,107	\$3,851	\$3,624
2017	4,107	3,851	3,624
2018	4,107	3,851	3,624
2019	4,107	3,851	3,624
2020	4,107	3,851	3,624
2021 - 2025	20,536	19,255	18,117
2026 - 2030	20,536	19,255	18,117
2031 - 2034	10,267	11,552	14,494
Total	<u>\$71,874</u>	<u>\$69,317</u>	<u>\$68,848</u>



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Harrison Township  
Logan County  
460 County Rd. 32 N  
Bellefontaine, Ohio 43311

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Harrison Township, Logan County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated January 23, 2018 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-001 through 2016-004.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 23, 2018



**HARRISON TOWNSHIP  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Noncompliance / Finding for Recovery – Repaid While Under Audit**

**Ohio Rev. Code § 507.09** provided, in part, in calendar year 2015, the township fiscal officer shall be entitled to compensation as follows:

- In townships having a budget of more than two hundred fifty thousand but not more than five hundred thousand dollars, twelve thousand seven hundred thirty-three dollars.
- In townships having a budget of more than five hundred thousand but not more than seven hundred fifty thousand dollars, fourteen thousand one hundred forty-seven dollars.

**Ohio Attorney General Opinion No. 99-015** provides, in part, that for the purposes of calculating the authorized compensation of the Township Fiscal Officer pursuant to Ohio Rev. Code § 507.09, the term “budget” refers to the total amount of resources available to the Township pursuant to the official certificate of estimated resources or amendments to the certificate. This opinion further clarifies that when an amendment of the budget occurs during the fiscal year, and the budget increase results in a higher compensation bracket for the Township Fiscal Officer, each annual salary would be increased on the effective date of the budget increase and the salary increase must be pro-rated for the portion of the year remaining after the effective date of the budget increase and would not result in a retroactive payment for the portion of the year already served.

On October 12, 2015, the Township's second amended official certificate of estimated resources was issued, which increased the Township's budget and resulted in a higher compensation bracket for the Township's officials. On December 29, 2015, a payment, in the amount of \$1,414 was issued to the Fiscal Officer to compensate for the increased pay rate for the entire year.

\$14,147.04 Increased Pay Rate after Budget Increase (\$1,178.92 x 12 months)  
- \$12,732.96 less the Pay Rate prior to the Budget Increase (\$1,061.08 x 12 months)  
= \$1,414.08 Amount Paid to the Fiscal Officer

However, per the aforementioned opinion of the Ohio Attorney General, the salary increase should have been pro-rated for only the portion of the year remaining after the effective date of the budget increase. Stated differently, the Fiscal Officer should have only been compensated with the increased pay rate for the months that the second amended official certificate of estimated resources was in effect (from October 12, 2015 - December 31, 2015).

\$3,536.76 Increased Pay Rate after Budget Increase (\$1,178.92 x 3 months)  
- \$3,183.24 less the Pay Rate prior to the Budget Increase (\$1,061.08 x 3 months)  
= \$353.52 Amount that should have been paid to the Fiscal Officer to account for the increased pay rate  
\$1,414.08 Amount Paid  
- \$353.52 Amount that should have been paid  
= \$1,060.56 Overpayment

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Bonnetta Staley in the amount of \$1,060, and in favor of Harrison Township's General Fund.

**FINDING NUMBER 2016-001  
(Continued)**

The Township should review the statutory pay rates of the Township Trustees and Fiscal Officer each time an amended official certificate of estimated resources is issued and should verify that compensation payments are made in accordance with the guidance. Failure to do so could result in future payroll overpayments and findings for recovery.

On October 25, 2017, this finding for recovery was repaid in full to the Township via check number 1001. The repayment was receipted into the Township's accounting system on October 30, 2017.

**FINDING NUMBER 2016-002**

**Noncompliance / Finding for Recovery – Repaid While Under Audit**

**Ohio Rev. Code § 505.24** provided, in part, in calendar year 2015, each township trustee is entitled to compensation in an amount for each day of service in the business of the township, to be paid from the township treasury as follows:

- In townships having a budget of more than two hundred fifty thousand but not more than five hundred thousand dollars, forty-two dollars and forty-five cents per day for not more than two hundred days;
- In townships having a budget of more than five hundred thousand but not more than seven hundred fifty thousand dollars, forty-five dollars and two cents per day for not more than two hundred days.

**Ohio Attorney General Opinion No. 99-015** provides, in part, that “for the purposes of calculating the authorized compensation of the Township Trustees pursuant to Ohio Rev. Code § 505.24, the term ‘budget’ refers to the total amount of resources available to the Township pursuant to the official certificate of estimated resources or amendments to the certificate.” This opinion further clarifies that when an amendment of the budget occurs during the fiscal year, and the budget increase results in a higher compensation bracket for the Township Trustees, each annual salary would be increased on the effective date of the budget increase and the salary increase must be pro-rated for the portion of the year remaining after the effective date of the budget increase and would not result in a retroactive payment for the portion of the year already served.

On October 12, 2015, the Township's second amended official certificate of estimated resources was issued, which increased the Township's budget and resulted in a higher compensation bracket for the Township's officials. On December 29, 2015, a payment was issued to Gary Campbell in the amount of \$514 to compensate this Trustee for the increased pay rate for the entire year.

\$9,003.96 Increased Pay Rate after Budget Increase (\$750.33 x 12 months)  
- \$8,490.00 less the Pay Rate prior to the Budget Increase (\$707.50 x 12 months)  
= \$513.96 Amount Paid to the Trustee

However, per the aforementioned opinion of the Ohio Attorney General, the salary increase should have been pro-rated for only the portion of the year remaining after the effective date of the budget increase. Stated differently, the Trustee should have only been compensated with the increased pay rate for the months that the second amended official certificate of estimated resources was in effect (from October 12, 2015 - December 31, 2015).

**FINDING NUMBER 2016-002  
(Continued)**

\$2,250.99 Increased Pay Rate after Budget Increase (\$750.33 x 3 months)  
- \$2,122.50 less the Pay Rate prior to the Budget Increase (\$707.50 x 3 months)  
= \$128.49 Amount that should have been paid to the Trustee to account for the increased pay rate  
\$513.96 Amount Paid  
- \$128.49 Amount that should have been paid  
= \$385.47 Overpayment

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Gary Campbell in the amount of \$385, and in favor of Harrison Township's General Fund in the amount of \$58 and the Gasoline Tax Fund in the amount of \$327.

The Township should review the statutory pay rates of the Township Trustees and Fiscal Officer each time an amended official certificate of estimated resources is issued and should verify that compensation payments are made in accordance with the guidance. Failure to do so could result in future payroll overpayments and findings for recovery.

On October 22, 2017, this finding for recovery was repaid in full to the Township via check number 1974. The repayment was receipted into the Township's accounting system on November 2, 2017.

**FINDING NUMBER 2016-003**

**Noncompliance / Finding for Recovery – Repaid While Under Audit**

**Ohio Rev. Code § 505.24** provided, in part, in calendar year 2015, each township trustee is entitled to compensation in an amount for each day of service in the business of the township, to be paid from the township treasury as follows:

- In townships having a budget of more than two hundred fifty thousand but not more than five hundred thousand dollars, forty-two dollars and forty-five cents per day for not more than two hundred days;
- In townships having a budget of more than five hundred thousand but not more than seven hundred fifty thousand dollars, forty-five dollars and two cents per day for not more than two hundred days.

**Ohio Attorney General Opinion No. 99-015** provides, in part, that “for the purposes of calculating the authorized compensation of the Township Trustees pursuant to Ohio Rev. Code § 505.24, the term ‘budget’ refers to the total amount of resources available to the Township pursuant to the official certificate of estimated resources or amendments to the certificate.” This opinion further clarifies that when an amendment of the budget occurs during the fiscal year, and the budget increase results in a higher compensation bracket for the Township Trustees, each annual salary would be increased on the effective date of the budget increase and the salary increase must be pro-rated for the portion of the year remaining after the effective date of the budget increase and would not result in a retroactive payment for the portion of the year already served.

**FINDING NUMBER 2016-003  
(Continued)**

On October 12, 2015, the Township's second amended official certificate of estimated resources was issued, which increased the Township's budget and resulted in a higher compensation bracket for the Township's officials. On December 29, 2015, a payment was issued to Darin Collins in the amount of \$514 to compensate this Trustee for the increased pay rate for the entire year.

\$9,003.96 Increased Pay Rate after Budget Increase ( $\$750.33 \times 12$  months)  
- \$8,490.00 less the Pay Rate prior to the Budget Increase ( $\$707.50 \times 12$  months)  
= \$513.96 Amount Paid to the Trustee

However, per the aforementioned opinion of the Ohio Attorney General, the salary increase should have been pro-rated for only the portion of the year remaining after the effective date of the budget increase. Stated differently, the Trustee should have only been compensated with the increased pay rate for the months that the second amended official certificate of estimated resources was in effect (from October 12, 2015 - December 31, 2015).

\$2,250.99 Increased Pay Rate after Budget Increase ( $\$750.33 \times 3$  months)  
- \$2,122.50 less the Pay Rate prior to the Budget Increase ( $\$707.50 \times 3$  months)  
= \$128.49 Amount that should have been paid to the Trustee to account for the increased pay rate

\$513.96 Amount Paid  
- \$128.49 Amount that should have been paid  
= \$385.47 Overpayment

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Darin Collins in the amount of \$385, and in favor of Harrison Township's General Fund in the amount of \$58 and the Gasoline Tax Fund in the amount of \$327.

The Township should review the statutory pay rates of the Township Trustees and Fiscal Officer each time an amended official certificate of estimated resources is issued and should verify that compensation payments are made in accordance with the guidance. Failure to do so could result in future payroll overpayments and findings for recovery.

On October 30, 2017, this finding for recovery was repaid in full to the Township via check number 6816. The repayment was receipted into the Township's accounting system on November 2, 2017.

**FINDING NUMBER 2016-004**

**Noncompliance / Finding for Recovery – Repaid While Under Audit**

**Ohio Rev. Code § 505.24** stated, in part, in calendar year 2015, each township trustee is entitled to compensation in an amount for each day of service in the business of the township, to be paid from the township treasury as follows:

- In townships having a budget of more than two hundred fifty thousand but not more than five hundred thousand dollars, forty-two dollars and forty-five cents per day for not more than two hundred days;
- In townships having a budget of more than five hundred thousand but not more than seven hundred fifty thousand dollars, forty-five dollars and two cents per day for not more than two hundred days.

**Ohio Attorney General Opinion No. 99-015** provides, in part, that “for the purposes of calculating the authorized compensation of the Township Trustees pursuant to Ohio Rev. Code § 505.24, the term ‘budget’ refers to the total amount of resources available to the Township pursuant to the official certificate of estimated resources or amendments to the certificate.” This opinion further clarifies that when an amendment of the budget occurs during the fiscal year, and the budget increase results in a higher compensation bracket for the Township Trustees, each annual salary would be increased on the effective date of the budget increase and the salary increase must be pro-rated for the portion of the year remaining after the effective date of the budget increase and would not result in a retroactive payment for the portion of the year already served.

On October 12, 2015, the Township's second amended official certificate of estimated resources was issued, which increased the Township's budget and resulted in a higher compensation bracket for the Township's officials. On December 29, 2015, a payment was issued to David Jackson in the amount of \$514.00 to compensate this Trustee for the increased pay rate for the entire year.

\$9,003.96 Increased Pay Rate after Budget Increase ( $\$750.33 \times 12$  months)  
- \$8,490.00 less the Pay Rate prior to the Budget Increase ( $\$707.50 \times 12$  months)  
= \$513.96 Amount Paid to the Trustee

However, per the aforementioned opinion of the Ohio Attorney General, the salary increase should have been pro-rated for only the portion of the year remaining after the effective date of the budget increase. Stated differently, the Trustee should have only been compensated with the increased pay rate for the months that the second amended official certificate of estimated resources was in effect (from October 12, 2015 - December 31, 2015).

\$2,250.99 Increased Pay Rate after Budget Increase ( $\$750.33 \times 3$  months)  
- \$2,122.50 less the Pay Rate prior to the Budget Increase ( $\$707.50 \times 3$  months)  
= \$128.49 Amount that should have been paid to the Trustee to account for the increased pay rate  
\$513.96 Amount Paid  
- \$128.49 Amount that should have been paid  
= \$385.47 Overpayment

**FINDING NUMBER 2016-004  
(Continued)**

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against David Jackson in the amount of \$385, and in favor of Harrison Township's General Fund in the amount of \$58 and the Gasoline Tax Fund in the amount of \$327.

The Township should review the statutory pay rates of the Township Trustees and Fiscal Officer each time an amended official certificate of estimated resources is issued and should verify that compensation payments are made in accordance with the guidance. Failure to do so could result in future payroll overpayments and findings for recovery.

On October 30, 2017, this finding for recovery was repaid in full to the Township via check number 3555. The repayment was receipted into the Township's accounting system on October 30, 2017.

**Officials' Response:**

We did not receive responses from Officials to these findings.



# Dave Yost • Auditor of State

**HARRISON TOWNSHIP**

**LOGAN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 6, 2018**