

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

AUDIT REPORT

JANUARY 1, 2013 - DECEMBER 31, 2014



Dave Yost • Auditor of State

Board of Trustees
Harrison Township
650 Butterbean Ridge Road
Philo, OH 43771

We have reviewed the *Independent Auditors' Report* of Harrison Township, Muskingum County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2013 through December 31, 2014. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Noncompliance/Finding for Adjustment

Ohio Rev. Code §505.24(c) sets forth the method by which township trustees' compensation should be allocated.

Subsequent to House Bill 153, passed in 2011, Ohio Rev. Code §505.24 required township trustees to certify the amount of work performed on restricted funds. Prior to House Bill 153, the compensation of a township trustee was to be paid from the township general fund or from such other township funds, in such proportions based upon the amount of time spent on matters related to the services rendered.

Although previous audits indicated that trustee compensation should be allocated and certified in accordance with the Ohio Revised Code, the Township has failed to maintain such documentation of Trustee time.

During 2014, the Township paid \$13,634 from the Gasoline Tax Fund and \$3,970 from the Road and Bridge Fund for Trustees' salaries and fringe benefits. During 2013, the Township paid \$12,885 from the Gasoline Tax Fund and \$16,969 from the Road and Bridge Fund for Trustees' salaries and fringe benefits. The cumulative amount that should have been paid out of the General Fund was \$47,458. The Township declined to make this adjustment.

During 2012, the Township paid \$1,539 from the Motor Vehicle License Tax Fund, \$21,395 from the Gasoline Tax Fund, \$13,325 from the Road and Bridge Fund, and \$2,777 from the Road District Fund for Trustees' salaries and fringe benefits. During 2011, the Township paid \$17,695 from the Gasoline Tax Fund, \$9,019 from the Road and Bridge Fund, and \$6,468 from the Road District Fund for Trustees' salaries and fringe benefits. The cumulative amount that

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should have been paid out of the General Fund was \$72,218. The Township declined to make this adjustment.

Because the Township has failed to post adjustments to the Township records based on the citation in the previous audits, the amounts cited in the previous finding for adjustment have accumulated. In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.38, we hereby issue a Finding for Adjustment in the amount of \$119,676 against the General Fund and in favor of the Motor Vehicle License Tax Fund in the amount of \$1,539, the Gasoline Tax Fund in the amount of \$65,609, the Road and Bridge Fund in the amount of \$43,283, and in favor of the Road District Fund in the amount of \$9,245. The Fiscal Officer has not posted these adjustments to the Township's records, and therefore, these adjustments are not reflected in the accompanying financial statements.

Noncompliance/Finding for Adjustment

Ohio Const. Art. XII Section 5a requires that interest earned on money derived from a motor vehicle license or fuel tax (including local motor vehicle license tax) must be paid into the fund to which the principal belongs. All other interest earned should be credited to the general fund.

During 2012, the Township improperly posted interest to the General Fund instead of properly allocating interest revenue to the Motor Vehicle License Tax Fund and Gasoline Tax Fund, Special Revenue Fund types.

A finding for adjustment is hereby issued against the General Fund, in the amount of \$2,486 in 2012, and in favor of the Motor Vehicle License Tax Fund and Gasoline Tax Fund, Special Revenue Fund types, in the amount of \$486 and \$2,000 in 2012, respectively. The Fiscal Officer has not posted this adjustment to the Township records and, therefore, this adjustment is not reflected in the accompanying financial statements.

Further, Ohio Rev. Code Section 5705.10(D) provides, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

During 2012, the Township posted a rollback and homestead reimbursement entirely to the General Fund. Also, the Township posted the subsequent 2012 rollback and homestead reimbursement entirely to the Road & Bridge Fund, Special Revenue Fund type. These rollback and homestead monies should have been properly allocated to the funds listed on the county auditor settlement sheet.

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A finding for adjustment is hereby issued against the General Fund, in the amount of \$9,576 and the Road & Bridge Fund, Special Revenue Fund type, in the amount of \$5,977 and in favor of the Road District Fund, Special Revenue Fund type, in the amount of \$2,294, the Park Levy Fund, Special Revenue Fund type, in the amount of \$5,374 and the Firefighting Equipment Debt Service Fund, in the amount of \$7,885. The Fiscal Officer has not posted this adjustment to the Township records and, therefore, this adjustment is not reflected in the accompanying financial statements.

Additionally, during 2011, the Fiscal Officer posted a debt payment to the Park Levy Fund, Special Revenue Fund type instead of to the Pool Debt Service Fund, where County Auditor settlement money had been posted for the debt payment. During 2012, the Fiscal Officer posted debt payments to the incorrect funds on multiple occasions. Also, an EMS grant was posted to the wrong fund. In addition, fire contract revenue was posted to the incorrect fund.

For 2011, a finding for adjustment is hereby issued against the Park Levy Fund, Special Revenue Fund type, in the amount of \$5,476, and in favor of the Pool Debt Service Fund, in the amount of \$5,476. For 2012, a finding for adjustment is hereby issued against the Motor Vehicle License Tax Fund, Special Revenue Fund, in the amount of \$7,375, the Tractor Debt Service Fund, in the amount of \$4,195, in 2012, and in favor of the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$1,319, the Fire District Fund, Special Revenue Fund type, in the amount of \$4,875, the Firefighting Equipment Debt Service Fund, in the amount of \$1,217, the Pool Debt Service Fund, in the amount of \$1,659 and the Fire and Rescue Fund, Special Revenue Fund type, in the amount of \$2,500. The Fiscal Officer has not posted these adjustments to the Township records and, therefore, this adjustment is not reflected in the accompanying financial statements.

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.



Dave Yost
Auditor of State

January 15, 2016

**HARRISON TOWNSHIP
MUSKINGUM COUNTY
JANUARY 1, 2013 - DECEMBER 31, 2014**

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

INDEPENDENT AUDITORS' REPORT

Harrison Township
Muskingum County
650 Butterbean Ridge Road
Philo, Ohio 43771

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Harrison Township, Muskingum County, as of and for the years ended December 31, 2014 and 2013.

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 opinion.

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

As described in Note 1 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, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonable 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 permitted 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 Harrison Township, Muskingum County as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Basis for Adverse Opinion on Regulatory Basis of Accounting

During 2014, the Trustees' salaries and employer fringes were incorrectly allocated to the Gasoline Tax Fund, Special Revenue Fund type in the amount of \$13,634 and the Road & Bridge Fund, Special Revenue Fund type in the amount of \$3,970 that should have been allocated to the General Fund. The Township declined to make these adjustments during this audit period. See note 8 for the effect on each fund.

During 2013, the Trustees' salaries and employer fringes were incorrectly allocated to the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$12,885 and the Road & Bridge Fund, Special Revenue Fund type in the amount of \$16,969 that should have been allocated to the General Fund. The Township declined to make these adjustments during this audit period. See note 8 for the effect on each fund.

During 2012, the Trustees' salaries and employer fringes were incorrectly allocated to the Gasoline Tax Fund in the amount of \$21,395, the Road & Bridge Fund in the amount of \$13,325, Motor Vehicle License Tax Fund in the amount of \$1,539 and the Road District Fund (all Special Revenue Fund types) in the amount of \$2,777, that should have been posted to the General Fund. The Township posted debt payments incorrectly to the Special Revenue Fund type in the amount of \$8,429 instead of Debt Service Fund type. Additionally during 2012 revenues were incorrectly posted General Fund, in the amount of 12,062, Special Revenue Fund types, the Motor Vehicle License Tax Fund and the Road & Bridge Fund, in the amounts of \$6,889 and \$5,977, respectfully, and the Pool Debt Service Fund, in the amount of \$4,234 instead of to the Special Revenue Fund Types, the Gasoline Tax Fund, in the amount of \$2,000, the Fire District Fund, in the amount of \$4,875, the Road District Fund, in the amount of \$2,294, the Park Levy Fund in the amount of \$5,374, the Fire and Rescue Fund, in the amount of \$2,500 and the Firefighting Equipment Debt Service Fund in the amount of \$4,234. The Township declined to make these adjustments during this audit period and prior audit period. See note 8 for the effect on each fund.

During 2011, the Trustees' salaries and employer fringes were incorrectly allocated to the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$17,695, the Road & Bridge Fund, Special Revenue Fund type in the amount of \$9,019 and the Road District Fund, Special Revenue Fund type, in the amount of \$6,468 that should have been allocated to the General Fund. Also, the Township posted debt payments incorrectly to Park Levy Fund, Special Revenue Fund type, in the amount of \$5,476 instead of the Pool Debt Service Fund, in the amount of \$5,476. The Township declined to make these adjustments during this audit period and prior audit period. See note 8 for the effect on each fund.

Adverse Opinion on Regulatory Basis of Accounting

In our opinion, based on the effects of the matters described in the basis for Adverse Opinion on Regulatory Basis paragraph, the financial statements referred to above do not present fairly, in all material respects, the combined cash balances of Harrison Township, Muskingum County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements 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) permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 18, 2015, on our consideration of Harrison Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
September 18, 2015

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 15,426	\$ 138,923	\$ 48,425	\$ 202,774
Charges for Services	-	92,293	-	92,293
Intergovernmental	12,558	124,813	-	137,371
Earnings on Investments	4,495	1,460	-	5,955
Miscellaneous	21	28,767	-	28,788
Total Cash Receipts	<u>32,500</u>	<u>386,256</u>	<u>48,425</u>	<u>467,181</u>
Cash Disbursements:				
Current:				
General Government	38,707	-	-	38,707
Public Safety	-	128,605	-	128,605
Public Works	-	155,361	-	155,361
Conservation/Recreation	-	43,227	-	43,227
Health	1,500	-	-	1,500
Capital Outlay	-	7,795	-	7,795
Debt Service:				
Principal Retirement	-	-	64,776	64,776
Interest and Fiscal Charges	-	-	1,074	1,074
Total Cash Disbursements	<u>40,207</u>	<u>334,988</u>	<u>65,850</u>	<u>441,045</u>
Net Change in Fund Cash Balance	(7,707)	51,268	(17,425)	26,136
Fund Cash Balances, January 1	<u>26,544</u>	<u>209,702</u>	<u>11,523</u>	<u>247,769</u>
Fund Cash Balances, December 31				
Restricted	-	260,970	-	260,970
Unassigned (Deficit)	18,837	-	(5,902)	12,935
Fund Cash Balances, December 31	<u>\$ 18,837</u>	<u>\$ 260,970</u>	<u>\$ (5,902)</u>	<u>\$ 273,905</u>

See notes to financial statements.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 28,127	\$ 120,429	\$ 23,144	\$ 171,700
Charges for Services	-	44,535	-	44,535
Intergovernmental	14,278	125,034	-	139,312
Earnings on Investments	3,599	1,745	-	5,344
Miscellaneous	1,175	16,294	-	17,469
Total Cash Receipts	<u>47,179</u>	<u>308,037</u>	<u>23,144</u>	<u>378,360</u>
Cash Disbursements:				
Current:				
General Government	40,142	-	-	40,142
Public Safety	-	43,874	-	43,874
Public Works	-	217,054	-	217,054
Conservation/Recreation	-	41,622	-	41,622
Capital Outlay	-	7,556	-	7,556
Debt Service:				
Principal Retirement	-	-	17,121	17,121
Interest and Fiscal Charges	-	-	2,688	2,688
Total Cash Disbursements	<u>40,142</u>	<u>310,106</u>	<u>19,809</u>	<u>370,057</u>
Net Change in Fund Cash Balance	7,037	(2,069)	3,335	8,303
Fund Cash Balances, January 1	<u>19,507</u>	<u>211,771</u>	<u>8,188</u>	<u>239,466</u>
Fund Cash Balances, December 31				
Restricted	-	209,702	11,523	221,225
Unassigned (Deficit)	26,544	-	-	26,544
Fund Cash Balances, December 31	<u>\$ 26,544</u>	<u>\$ 209,702</u>	<u>\$ 11,523</u>	<u>\$ 247,769</u>

See notes to financial statements.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Notes 7 to the financial statements provides additional information for these entity. This organization is:

Public Entity Risk Pool:

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

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

B. 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 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. 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.

D. 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:

General Fund

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

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 monies to pay for constructing, maintaining, and repairing Township roads.

Road & Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

Fire District Fund – This fund receives property tax monies to pay for fire protection and emergency medical services.

Debt Service Funds

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

EMS Building Debt Service Fund – This fund receives property tax monies to retire a note for the purchase of a building to be used for Township EMS services.

E. 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 and object level of control and appropriations may not exceed estimated resources. The 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 2014 and 2013 budgetary activity appears in Note 3.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

5. 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.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G Property, Plant and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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>2014</u>	<u>2013</u>	
Demand deposits	<u>\$ 273,905</u>	<u>\$ 247,769</u>	

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,880	\$ 32,500	\$ (8,380)
Special Revenue	312,849	386,256	73,407
Debt Service	47,300	48,425	1,125
Total	\$ 401,029	\$ 467,181	\$ 66,152

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 76,201	\$ 40,207	\$ 35,994
Special Revenue	529,625	334,988	194,637
Debt Service	-	65,850	(65,850)
Total	\$ 605,826	\$ 441,045	\$ 164,781

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 29,896	\$ 47,179	\$ 17,283
Special Revenue	243,963	308,037	64,074
Debt Service	19,284	23,144	3,860
Total	<u>\$ 293,143</u>	<u>\$ 378,360</u>	<u>\$ 85,217</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 49,402	\$ 40,142	\$ 9,260
Special Revenue	431,861	310,106	121,755
Debt Service	22,157	19,809	2,348
Total	<u>\$ 503,420</u>	<u>\$ 370,057</u>	<u>\$ 133,363</u>

Contrary to ORC 5705.39, the Township had one fund in 2014 in which appropriations were greater than estimated resources.

Contrary to ORC 5705.41(B), the Township had funds where expenditures exceeded appropriations.

Contrary to ORC 5705.41(D), the Township had expenditures prior to certification.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. 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.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO FINANCIAL STATEMENTS

5. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest rate
Bank Loan – Tractor	\$ 14,678	3.20%
Bank Loan – EMS Building	72,090	4.75%
Total	\$ 86,768	

During 2011, the Township obtained a loan to finance the purchase of a tractor for Township road maintenance. The Township taxing authority collateralized the loan. The debt is being retired from the Tractor Debt Service Fund.

During 2012, the Township obtained a loan to finance the purchase of an Emergency management Services (EMS) building for Township EMS service. The Township’s taxing authority collateralized the loan. The debt is retired from the EMS Debt Service Fund.

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

Year Ended December 31	Tractor	EMS Building
2015	\$ 7,697	\$ 26,700
2016	7,697	25,800
2017	-	24,148
Total	\$ 15,394	\$ 76,648

6. RETIREMENT SYSTEMS

The Township’s full-time employees and elected officials belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.00% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2014.

7. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

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.) 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.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO FINANCIAL STATEMENTS

7 RISK MANAGEMENT (Continued)

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.

Financial Position

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

	2014	2013
Assets	\$35,970,263	\$34,954,286
Liabilities	(8,912,432)	(8,486,363)
Retained Earnings	\$27,057,831	\$26,467,923

At December 31, 2014 and 2013, respectively, the liabilities above include approximately \$8.2 and \$7.9 million of estimated incurred claims payable. The assets above also include approximately \$7.2 and \$7.4 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2014 and 2013, 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 \$7,719.

Based on discussion with OTARMA, the expected rates OTARMA charges 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 annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA	
2014	\$14,804
2013	13,255

After completing one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO FINANCIAL STATEMENTS

8. FINANCIAL ADJUSTMENTS NOT MADE

At December 31, 2011, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2011	Adjustments	Effect on
Fund	Balance	Not Made	December 31, 2011
			Balance
General	\$ 6,860	\$ (33,182)	\$ (26,322)
Special Revenue			
Gasoline Tax	44,865	17,695	62,560
Road & Bridge	44,810	9,019	53,829
Road District	9,780	6,468	16,248
Park Levy	21,118	5,476	26,594
Debt Service			
Pool	5,482	(5,476)	6

At December 31, 2012, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2012	Adjustments	Effect on
Fund	Balance	Not Made	December 31, 2012
			Balance
General	\$ 19,507	\$ (51,098)	\$ (31,591)
Special Revenue			
Motor Vehicle	17,591	(5,350)	12,241
Gasoline Tax	48,957	24,714	73,671
Road & Bridge	55,481	7,348	62,829
Fire District	47,035	4,875	51,910
Road District	24,896	5,071	29,967
Park Levy	17,434	5,374	22,808
Fire and Rescue	-	2,500	2,500
Debt Service			
Firefighter Equip	-	9,102	9,102
Tractor	4,286	(4,195)	91
Pool	3,904	1,659	5,563

The December 31, 2012 Balance and the Adjustments Not Made do not include the adjustments not made in 2011.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO FINANCIAL STATEMENTS

8. FINANCIAL ADJUSTMENTS NOT MADE (Continued)

At December 31, 2013, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2013	Adjustments	Effect on
Fund	Balance	Not Made	Balance
General	\$ 26,544	\$ (29,854)	\$ (3,310)
Special Revenue			
Gasoline Tax	51,166	12,885	64,051
Road & Bridge	57,343	16,969	74,312

The December 31, 2013 Balance and the Adjustments Not Made do not include the adjustments not made in 2011 and 2012.

At December 31, 2014, the following funds had adjustments which the Township declined to make in the following amounts:

	December 31, 2014	Adjustments	Effect on
Fund	Balance	Not Made	Balance
General	\$ 18,837	\$ (17,604)	\$ 1,233
Special Revenue			
Gasoline Tax	60,125	13,634	73,759
Road & Bridge	26,155	3,970	30,125

The December 31, 2014 Balance and the Adjustments Not Made do not include the adjustments not made in 2011, 2012 and 2013.

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

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

Harrison Township
Muskingum County
650 Butterbean Ridge Road
Philo, Ohio 43771

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Harrison Township, Muskingum County as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated September 18, 2015, which was adverse as the Township did not make prior audit adjustments. We also 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 Harrison 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2014-01, 2014-02, 2014-03, 2014-04 and 2014-06 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrison 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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed six instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-01, 2014-02, 2014-05, 2014-07, 2014-08 and 2014-09.

Entity's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
September 18, 2015

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-01

Noncompliance/Material Weakness

Ohio Revised Code Section 507.09 and 505.24(C) provides guidance for allocating township trustee compensation. Trustees' are paid by annual salary. To be paid on a salary basis in equal monthly instalments, the board of trustees must unanimously pass a resolution to allow it. To be paid from any fund(s) other than the general fund, the resolution must also specify the proportions of the salary to be paid from each fund. If the trustees use the salary method and are compensated from funds other than the general fund, they must certify the percentage of time spent working on matters that are to be paid from funds other than the general fund. Trustees must complete a certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee spent during that pay period providing services related to each fund to be charged. If 100% of the compensation of the township trustee is to be paid from the general fund, no certification is required.

Also, the Township should record all employees' fringe benefits to the funds or budgets from which the trustees are compensated for services each year. Since the Trustees were improperly paid out of funds other than the General Fund, all fringes should have been charged to the General Fund as well.

In 2013, General Fund expenditures were understated by \$29,854 and expenditures in the Gasoline Tax Fund and Road and Bridge Fund were overstated by \$12,885 and \$16,969, respectively.

In 2014, General Fund expenditures were understated by \$17,603 and expenditures in the Gasoline Tax Fund and Road and Bridge Fund were overstated by \$13,634 and \$3,969, respectively.

These adjustments have not been posted to the accounting system or the financial statements.

In addition to the above, the Township also did not post prior year adjustments for the same noncompliance state above. That adjustment would have increased General Fund expenditures by \$72,218 and decreased expenditures in the MVL Tax Fund, Gasoline Tax Fund, Road and Bridge Fund and Road District Fund by \$1,539, \$39,090, \$22,344 and \$9,245, respectively.

We recommend the Township adopt formal administrative procedures regarding documenting time spent on various duties and implement the use of payroll certification sheets

Client Response: We received no response form the client.

FINDING NUMBER 2014-02

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.10 (D) provides, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-02 (Continued)

During 2014 and 2013, the Township posted all rollback and homestead reimbursement payments entirely to the General Fund instead of allocating it amongst the funds listed on the county auditor settlement sheet

In 2014, the General Fund was overstated by \$15,831 and the Rad and Bridge Fund, Fire District Fund, Road District Fund and Parks Levy fund were understated by \$4,300, \$5,791, \$1,885 and \$3,855, respectively.

In 2013, the General Fund was overstated by \$12,660 and the Rad and Bridge Fund, Fire District Fund, Road District Fund and Parks Levy fund were understated by \$5,438, \$3,087, \$2,365 and \$1,770, respectively.

We recommend the Fiscal Officer post homestead and rollback tax and personal property tax reimbursements in accordance with the semi-annual apportionment of taxes forms received from the County Auditor.

This adjustment was posted to the financial statement and accounting system.

Client Response: We received no response from the client.

FINDING NUMBER 2014-03

Material Weakness

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. Monthly bank reconciliations contained adjusting factors throughout the entire audit period which were carried forward instead of being investigated and corrected. The lack of proper reconciliations among the bank statements, cashbook and ledgers resulted in numerous errors which remained undetected and/or uncorrected until the audit. The extensive problems with these reconciliations resulted in the need for the Township to contract with a third-party to perform proof-of-cash analysis for each month of the audit period.

Based on the proof-of-cash analysis for 2014 and 2013, they were able to identify posting errors, such as receipts and expenditures posted at incorrect amounts, receipts/expenditures posted at amounts that differ from the deposit ticket, receipts/expenditures deposited/cleared bank but not posted to the accounting system and voided check in accounting system which actually cleared the bank.

The table reflects adjustments required each year to allow the Township's accounting system to reconcile to the bank.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-03 (Continued)

Fund	2014 Adjustments	2013 Adjustments	Total
General	(\$5,779.14)	(\$750.41)	(\$6,529.55)
Special Revenue			
MVL Tax Fund	941.62	178.15	1,119.77
Gasoline Tax Fund	(13,564.55)	1,233.59	(12,330.96)
Road and Bridge Fund	(8,512.77)	830.27	(7,682.50)
Cemetery Fund	-	534.94	534.94
Fire District Fund	(9,342.01)	(853.06)	(10,195.07)
Road District Fund	-	(158.78)	(158.78)
Park Levy Fund	-	(2,964.45)	(2,964.45)
Fire and Rescue Fund	(20,314.32)	(5,174.65)	(25,488.97)
Total Special Revenue	(\$50,792.03)	(\$6,373.99)	(\$57,166.02)

The Township also had adjustments amounting to (\$%,566.93) for the audit period 2011-2012. The current year and prior year adjustments have been made to the financial statements and accounting records.

We recommend the Township, as part of the monthly cash reconciliation process, investigate the unidentified reconciling items and make the necessary adjustments to the books. Also, the monthly bank reconciliation should be approved by a Board Member at each monthly meeting .

Client Response: We have not received a response from the client.

FINDING NUMBER 2014-04

Material Weakness

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

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

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-04 (Continued)

The Township did not have control procedures in place to ensure the accuracy of the Fiscal Officer's receipt and expenditure line item account postings. Throughout the audit period, numerous receipts and expenditures were not always posted to accurate receipt or expenditure classifications based on upon the source of the receipt and the nature of the expenditure.

During 2014, debt payments were posted to the wrong funds on multiple occasions. Based on these expenditures, the General Fund, Road and Bridge Fund and Fire District Fund had overstated expenditures by \$7,978, \$44,970 and \$10,083, respectively. The Tractor Debt Service Fund, EMS Building Debt Service Fund and Truck Debt Service Fund had expenditures understated by \$7,798, \$44,970 and \$10,083, respectively.

These adjustments have been posted to the financial statements and the accounting system.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting debt payments to the accounting system so the year-end financial statements properly reflect the Townships transactions.

Client Response: We received no response from the client

FINDING NUMBER 2014-05

Noncompliance

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Township.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-05 (Continued)

- Blanket Certificates. Fiscal officers may prepare “blanket” certificates if the Township has approved their use and established maximum amounts.
- Super Blanket Certificates. The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called “super blanket” certificate may be outstanding at a particular time for any line item appropriation.

The Township did not certify the availability of funds prior to the purchase commitment for 43% of expenditures tested. For these item the Township also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: We received no response from the client.

FINDING NUMBER 2014-06

Material Weakness

During our review of the Township’s disbursement system, we noted the following:

- Voucher packages did not consistently include invoices as supporting documentation to support the payment being made..
- Checks cleared the bank which had different check numbers and amounts than what was posted to the accounting system..
- Checks that were voided in the UAN system, cleared the bank.
- Bank deposits were recorded at different amounts.
- Some receipts were double booked..

These conditions did not allow for proper documentation of certain disbursements and resulted in the Township not being able to properly reconcile their accounting system to the bank.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-06 (Continued)

We recommend the Township consider implementing the following procedures to strengthen the internal controls over the proper disbursement of public funds.

- Voucher packages should contain evidence to support the expenditure, such as an invoice.
- Check numbers in the UAN accounting system should match the physical check.
- Fiscal Officer should mutilate the signature block on voided checks.
- Procedure should be implemented to verify amount posted to system to invoice amount.
- Checks be prepared and issued in a timely manner.

Client Response: We received no response from the client.

FINDING NUMBER 2014-07

Noncompliance

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

At December 31, 2014, Debt Service Tractor Fund, Debt Service EMS Building Fund and Debt Service Truck Fund had expenditures exceeding appropriation by \$7,978, \$47,789 and \$10,083, respectively.

We recommend the Board of Trustees and Fiscal Officer compare, expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Board of Trustees should take necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

Client Response: We received no response from the client

FINDING NUMBER 2014-08

Noncompliance

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total of estimated resources.

Based on tests performed, in 2014, we noted the Fire District Fund had appropriations exceeding estimated resources by \$50,958.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-08 (Continued)

Failure to monitor estimated resources and appropriations could result in the Township committing funds to be spent which are not available to spend.

We recommend the Township compare estimated resources to appropriations in all funds that are legally required to be budgeted, at the legal level of control, prior to making expenditure commitments, and make all necessary adjustments to ensure compliance with the above requirements.

Client Response: We received no response from the client.

FINDING NUMBER 2014-09

Noncompliance

Ohio Revised Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which the fund was established. As a result, a deficit fund balance indicates that money from one fund was used to cover the expenses of another fund.

As of December 31, 2014, the Debt Service EMS Building Fund and Debt Service Truck Fund had a negative cash balance of \$7,364 and \$673, respectively.

We recommend the Fiscal Officer monitor fund balances to properly ensure that monies from one fund are not utilized to pay the obligation of another fund.

Client Response: We have received no response from the client.

**HARRISON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2012-001	Finding for recovery was issued in the amount of \$531.68 against Delores Mahon for salary overpayment	No	Not Corrected: The Township has not collected any of the Findings for Recovery from Delores Mahon
2012-002	ORC 507.09 and 505.24 (C) Certification of Trustee payroll	No	Not Corrected - Refer to Findng 2014-01
2012-003	ORC 5705.10(D) Misposting of Rollback and Homestead receipts	No	Not Corrected - Refer to Findng 2014-02
2012-004	Material Weakness Interest postings Balance classification	Yes	Finding no longer valid
2012-005	Material Weakness Bank Reconciliations Recon and Cashbook	No	Not Corrected - Refer to Findng 2014-03
2012-006	Material Weakness Debt payments not recorded correctly	No	Not Corrected - Refer to Findng 2014-04
2012-007	Material Weakness Loan proceeds not recorded correctly	Yes	Finding no longer valid
2012-008	ORC 5705.41 (D) (1) Prior certification of money available to spend	No	Not Corrected - Refer to Findng 2014-05
2012-009	Material Weakness Voucher packages and checks recorded	No	Not Corrected - Refer to Findng 2014-06
2012-010	Material Weakness Appropriations authorized not posted correctly	Yes	Finding no longer valid
2012-011	ORC 5705.41 (B) Expenditures exceeding appropriations	No	Not Corrected - Refer to Findng 2014-07



Dave Yost • Auditor of State

HARRISON TOWNSHIP

MUSKINGUM 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 2, 2016**