

**HARRISON TOWNSHIP
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004



Mary Taylor, CPA

Auditor of State

Board of Trustees
Harrison Township
6045 Wesleyan Church Road
Alexandria, Ohio 43001

We have reviewed the *Independent Auditors' Report* of Harrison Township, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2004 through December 31, 2005. 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.

Finding For Recovery – Repaid under audit

Ohio Revised Code Section 507.09 sets the 2004 salary for Township Clerks with budgets between \$1,500,001 and \$3,500,000 as follows: for clerks whose terms were 4/1/00 to 3/31/04, the Clerk is due \$4,333 for 1/1/04 to 3/31/04.

From 1/01/04 to 3/31/04, Shirley Ashbrook, Fiscal Officer, was compensated \$4,490 resulting in an overpayment of \$157.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended would have been issued against Shirley Ashbrook, Fiscal Officer, in the amount of \$157.

The Fiscal Officer repaid the finding for recovery in full on December 19, 2006.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 10, 2007

**HARRISON TOWNSHIP
LICKING COUNTY**

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INDEPENDENT AUDITORS' REPORT

Harrison Township
Licking County
6045 Wesleyan Church Road
Alexandria, Ohio 43001

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Licking County, (the Township) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Harrison Township, Licking County as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Harrison Township, Licking County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2007 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shuman & Sons, Inc.

February 23, 2007

**HARRISON TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$137,345	\$659,756	\$797,101
Intergovernmental	114,284	148,754	263,038
Special Assessments	0	1,955	1,955
Licenses, Permits, and Fees	32,681	0	32,681
Earnings on Investments	32,216	8,113	40,329
Other Revenue	18,768	8,531	27,299
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	335,294	827,109	1,162,403
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	198,348	5,015	203,363
Public Safety	30	0	30
Public Works	895	240,585	241,480
Health	24,375	0	24,375
Contract Services	41,855	0	41,855
Capital Outlay	128,094	259,904	387,998
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	393,597	505,504	899,101
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(58,303)	321,605	263,302
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	606,626	1,279,685	1,886,311
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$548,323</u>	<u>\$1,601,290</u>	<u>\$2,149,613</u>

The notes to the financial statements are an integral part of this statement.

**HARRISON TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$142,671	\$639,325	\$781,996
Intergovernmental	206,643	252,194	458,837
Special Assessments	0	1,925	1,925
Licenses, Permits, and Fees	60,205	0	60,205
Earnings on Investments	21,349	5,939	27,288
Other Revenue	27,280	9,165	36,445
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	458,148	908,548	1,366,696
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	197,247	0	197,247
Public Safety	50	0	50
Public Works	816	214,023	214,839
Health	23,400	0	23,400
Capital Outlay	0	400,629	400,629
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	221,513	614,652	836,165
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	236,635	293,896	530,531
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	369,991	985,789	1,355,780
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$606,626</u>	<u>\$1,279,685</u>	<u>\$1,886,311</u>

The notes to the financial statements are an integral part of this statement.

**HARRISON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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, Licking 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 and cemetery maintenance

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

Jointly Governed Organization

The Township is a participant among six local government entities in a jointly governed organization to operate the West Licking Joint Fire District (the Fire District). The Fire District was formed to provide emergency services to the residents of West Licking County. The Fire District is governed by a Fire Board consisting of an appointed member from each participating entity. The Township does not have an ongoing financial interest in or ongoing financial responsibility for the Fire District.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Cash 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.

The Township values certificates of deposit at cost. STAR Ohio is recorded at share values the mutual funds report.

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:

**HARRISON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

E. Budgetary Process

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

1. 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**HARRISON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. 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 AND INVESTMENTS

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

	<u>2005</u>	<u>2004</u>
Demand deposits	\$602,294	\$964,441
Certificates of deposit	600,000	0
Total deposits	<u>1,202,294</u>	<u>964,441</u>
STAR Ohio	<u>947,319</u>	<u>921,870</u>
Total investments	<u>947,319</u>	<u>921,870</u>
Total deposits and investments	<u><u>\$2,149,613</u></u>	<u><u>\$1,886,311</u></u>

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

Investments: The investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**HARRISON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$180,000	\$335,924	\$155,924
Special Revenue	132,000	827,109	695,109
Total	\$312,000	\$1,163,033	\$851,033

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$999,587	\$393,597	\$605,990
Special Revenue	2,203,640	505,504	1,698,136
Total	\$3,203,227	\$899,101	\$2,304,126

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$275,157	\$458,148	\$182,991
Special Revenue	835,648	908,548	72,900
Total	\$1,110,805	\$1,366,696	\$255,891

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$656,002	\$221,513	\$434,489
Special Revenue	1,818,783	614,652	1,204,131
Total	\$2,474,785	\$836,165	\$1,638,620

Contrary to Ohio law, appropriations exceeded estimated resources contrary to Ohio Revised Code Section 5705.39 at December 31, 2005 within the General and Road & Bridge Funds by \$212,961 and \$791,957, respectively. In addition, appropriations exceeded estimated resources contrary to Ohio Revised Code Section 5705.39 at December 31, 2004 within the General and Road & Bridge Funds by \$10,854 and \$4,500, respectively.

**HARRISON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, members of OPERS contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

6. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**HARRISON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

6. RISK MANAGEMENT (Continued)

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

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 obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004:

	2005	2004
Assets	\$8,219,430	\$6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Members' Equity	<u>\$5,470,791</u>	<u>\$4,457,714</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.



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

Harrison Township
Licking County
6045 Wesleyan Church Road
Alexandria, Ohio 43001

To the Board of Trustees:

We have audited the financial statements of Harrison Township, Licking County (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated February 23, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2005-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. In a separate letter to the Township's management dated February 23, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

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, providing an opinion 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 that are required to be reported under *Government Auditing Standards* which is reported in the accompanying schedule of findings as items 2005-002 and 2005-003. In addition, in a separate letter to the Township's management dated February 23, 2007, we reported an immaterial instance of noncompliance.

We intend this report solely for the information and use of management, Board of Trustees, and the Auditor of State, and is not intended for anyone other than these specified parties.

Wilson, Shuman & Snow, Inc.

February 23, 2007

**HARRISON TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-001

Reportable Condition

Local governments, including Township's, generally receive at least two rollback and homestead warrants during the year in conjunction with tax apportionment receipts received from the County Auditor. Based on testing performed, the September 2005 and March 2004 rollback and homestead Auditor of State warrants totaling \$49,736.64 and \$48,574.04, respectively, as confirmed by the State of Ohio on the Distribution Transaction List, could not be accounted for on the Township's computerized cash journal or computerized ledgers. These warrants were determined not to be deposited or cashed by the Fiscal Officer within ninety days, and subsequently these warrants were voided by the Auditor of State's Office and represent amounts still due to the Township.

Based on procedures performed we contacted the State of Ohio and determined that such warrants were voided and the necessary information has been sent to the Fiscal Officer to claim these funds.

We recommend that the Fiscal Officer follow through and determine that the September 2005 and March 2004 rollback and homestead payments owed the Township are properly received and recorded in the correct funds.

Official's Response: The Township Fiscal Officer was unaware of these amounts and assumes such amounts were lost in the mail.

FINDING NUMBER 2005-002

Noncompliance Citation

Ohio Revised Code Section 5705.39 states in part that the total appropriation from each fund shall not exceed total estimated resources. It was noted that the following funds had appropriations which exceeded estimated resources at December 31, 2005:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General	\$786,626	\$999,587	\$212,961
Road & Bridge Fund – Special Revenue Fund	909,174	1,701,131	791,957

We also noted that the following funds had appropriations which exceeded estimated resources at December 31, 2004:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General	\$645,148	\$656,002	\$10,854
Road & Bridge Fund – Special Revenue Fund	1,432,134	1,436,634	4,500

**HARRISON TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

FINDING NUMBER 2005-002 (Continued)

Noncompliance Citation – Ohio Revised Code Section 5705.39 (Continued)

With appropriations exceeding estimated resources, the Township is appropriating monies that were not certified by the County Budget Commission. This may result in a fund deficit if not corrected throughout the year.

We recommend that the Township comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by comparing adopted appropriations against certified estimated resources on a continual basis, including when the original budget is adopted. If it is determined that estimated resources will be greater than initially anticipated, the Township should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources.

Official's response: The Fiscal Officer will determine that appropriations are within estimated resources throughout and at the end of the year.

FINDING NUMBER 2005-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) 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 Ohio Rev. Code Sections 5705.41(D)(1) and 5705.41(D)(3), respectively:

Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made and at the time that he/she is completing his/her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance.

**HARRISON TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

FINDING NUMBER 2005-003 (Continued)

Noncompliance Citation – Ohio Revised Code Section 5705.41(D) (Continued)

Amounts of less than \$3,000 may be paid by the fiscal officer without such affirmation of the taxing authority 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 expenditures by the taxing authority.

Blanket Certificate – Fiscal officers may prepare “blanket” certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current year. The blanket certificate may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

Super Blanket Certificate – 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 reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

We noted that 69% and 29% of 2005 and 2004 expenditures tested, respectively, were not certified by the Fiscal Officer prior to incurring the commitment. It was also found that none of the three exceptions noted above were utilized.

We recommend the Fiscal Officer certify the availability of funds prior to incurring the commitment or any obligations. In addition, the Fiscal Officer should notify all employees of the requirements of Ohio Revised Code Section 5705.41(D) and the importance of certifying availability of funds.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, “then and now” certification should be used.

Official’s Response: The Township will monitor disbursements to ensure proper certification prior to payment.

**HARRISON TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Ohio Revised Code Section 5705.41(D)(1) requires that funds be certified prior to any purchase commitment incurred.	No	Repeated as Finding Number 2005-003.
2003-002	Ohio Revised Code Section 5705.10 states that monies paid into any fund shall be used only for the purposes for which such fund is established.	Yes	N/A.



Mary Taylor, CPA
Auditor of State

HARRISON TOWNSHIP

LICKING 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
MAY 10, 2007**