



Dave Yost • Auditor of State



HARRISON TOWNSHIP  
VINTON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Harrison Township  
Vinton County  
33754 Nichols Road  
Londonderry, Ohio 45647

To the Board of Trustees:

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

We have audited the accompanying financial statements and related notes of Harrison Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012.

### ***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 Government'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 Government'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 of America, to satisfy these requirements.

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The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the *Basis of Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As described in Finding 2013-001 in the accompanying Schedule of Findings, the Board of Trustees did not comply with requirements concerning Trustee salary allocations and improperly paid salaries, insurance reimbursements, and insurance premiums from Special Revenue Funds in 2013.

Township Trustees salaries, fringe benefits, insurance premiums, and insurance reimbursements were paid from the Motor Vehicle License Fund in the amount of \$5,095; Gasoline Tax Fund in the amount of \$15,284; and the Cemetery Fund in the amount of \$2,547, and should have been paid from the General Fund. Due to the impact this adjustment would have on the General Fund, the Township declined to make this adjustment.

Had the posting errors noted in the preceding paragraph been properly posted to the financial statements and the accounting system; the General Fund cash fund balance would have been decreased \$22,926; Motor Vehicle License Fund cash fund balance would have increased \$5,095; the Gasoline Tax Fund cash fund balance would have increased \$15,284; and the Cemetery Fund cash fund balance would have increased \$2,547.

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

Also, in our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraphs, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Harrison Township, Vinton County, as of December 31, 2013 and 2012, 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) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2014, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

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

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

August 20, 2014

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**HARRISON TOWNSHIP  
VINTON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$30,441	\$54,283	\$84,724
Intergovernmental	11,927	125,129	137,056
Earnings on Investments	75	100	175
Miscellaneous	677	1,807	2,484
<i>Total Cash Receipts</i>	<u>43,120</u>	<u>181,319</u>	<u>224,439</u>
<b>Cash Disbursements</b>			
Current:			
General Government	39,823	120	39,943
Public Safety		22,681	22,681
Public Works	80	111,115	111,195
Health		12,912	12,912
Capital Outlay		4,408	4,408
Debt Service:			
Principal Retirement		5,449	5,449
Interest and Fiscal Charges		402	402
<i>Total Cash Disbursements</i>	<u>39,903</u>	<u>157,087</u>	<u>196,990</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,217</u>	<u>24,232</u>	<u>27,449</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In		200	200
Advances Out	(200)		(200)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(200)</u>	<u>200</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	3,017	24,432	27,449
<i>Fund Cash Balances, January 1</i>	<u>6,143</u>	<u>119,418</u>	<u>125,561</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	143,850	143,850
Assigned	9,160	0	9,160
<i>Fund Cash Balances, December 31</i>	<u>\$9,160</u>	<u>\$143,850</u>	<u>\$153,010</u>

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

**HARRISON TOWNSHIP  
VINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$29,005	\$54,419	\$83,424
Intergovernmental	12,390	123,642	136,032
Earnings on Investments	110	120	230
Miscellaneous	783	900	1,683
<i>Total Cash Receipts</i>	<u>42,288</u>	<u>179,081</u>	<u>221,369</u>
<b>Cash Disbursements</b>			
Current:			
General Government	53,299	120	53,419
Public Safety		48,754	48,754
Public Works	4,495	116,939	121,434
Health		6,028	6,028
Capital Outlay		18,377	18,377
Debt Service:			
Principal Retirement		5,551	5,551
Interest and Fiscal Charges		300	300
<i>Total Cash Disbursements</i>	<u>57,794</u>	<u>196,069</u>	<u>253,863</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,506)</u>	<u>(16,988)</u>	<u>(32,494)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds		16,500	16,500
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>16,500</u>	<u>16,500</u>
<i>Net Change in Fund Cash Balances</i>	(15,506)	(488)	(15,994)
<i>Fund Cash Balances, January 1</i>	<u>21,649</u>	<u>119,906</u>	<u>141,555</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	119,418	119,418
Assigned	5,819	0	5,819
Unassigned (Deficit)	324	0	324
<i>Fund Cash Balances, December 31</i>	<u>\$6,143</u>	<u>\$119,418</u>	<u>\$125,561</u>

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

**HARRISON TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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 the Harrison Township, Vinton County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis 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. 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.

The Fiscal Officer invests all available funds of the Township in an interest bearing checking account and two money market accounts.

**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:

**1. General Fund**

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

HARRISON TOWNSHIP  
VINTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

Fire and Emergency Medical Services Fund - This fund receives property tax money for emergency services including fire protection and emergency medical services.

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. 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 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.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

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.

**HARRISON TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

**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.

**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.

**2. Equity in Pooled Deposits and Investments**

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:

**HARRISON TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. Equity in Pooled Deposits and Investments (Continued)**

	2013	2012
Demand deposits	\$153,010	\$125,561
Total deposits	\$153,010	\$125,561

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

**2013 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,120	\$43,120	\$0
Special Revenue	183,078	181,519	(1,559)
Total	\$226,198	\$224,639	(\$1,559)

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$41,916	\$40,103	\$1,813
Special Revenue	290,383	157,087	133,296
Total	\$332,299	\$197,190	\$135,109

**2012 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,288	\$42,288	\$0
Special Revenue	195,581	195,581	0
Total	\$237,869	\$237,869	\$0

**2012 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$59,379	\$57,794	\$1,585
Special Revenue	329,676	196,069	133,607
Total	\$389,055	\$253,863	\$135,192

**HARRISON TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity (Continued)**

Contrary to Ohio law, appropriation authority exceeded estimated resources in the Gasoline Tax Fund by \$1,956; the Fire/EMS Fund by \$10,444; and the FEMA Fund by \$1,900 for the year ended December 31, 2012.

**4. Property Tax**

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

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

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

**5. Debt**

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Comercial Loan (Gradall Excavator)	\$5,657	3.55%
Total	\$5,657	

The Township received a note in 2012 through Vinton County National Bank for the purchase of a gradall excavator in the amount of \$16,500 for three years. The final payment will be made in July 2014.

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

	Commerical Loan
Year ending December 31: 2014	\$5,858
Total	\$5,858

**6. Retirement Systems**

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

**HARRISON TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. Retirement Systems (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

**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.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, 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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188



**HARRISON TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**7. Risk Management (Continued)**

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$5,000.

Based on discussions 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.

<b><u>Contributions to OTARMA</u></b>	
<b><u>2013</u></b>	<b><u>2012</u></b>
\$7,776	\$7,730

After 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.

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# Dave Yost • Auditor of State

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

Harrison Township  
Vinton County  
33754 Nichols Road  
Londonderry, Ohio 45647

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Harrison Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 20, 2014 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also issued a qualified opinion on the financial statements for 2013 and 2012 due to the Township not making a \$22,926 adjustment against the General Fund and in favor of the Motor Vehicle License Fund in the amount of \$5,095; Gasoline Tax Fund in the amount of \$15,284; and the Cemetery Fund in the amount of \$2,547.

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

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 preceding 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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 2013-001 described in the accompanying Schedule of Findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2013-001 through 2013-003.

***Entity's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

***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.



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

August 20, 2014

HARRISON TOWNSHIP  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-001

**Finding for Adjustment/Noncompliance Citation/Material Weakness**

Ohio Rev. Code § 505.24(C) states, in part, by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

For five months in 2013, each Township Trustee correctly completed payroll certifications as required. For two months during 2013, however, one Trustee did not complete the payroll certification while two Trustees correctly completed certifications. During the remaining five months of 2013 no payroll certification or time and effort documentation was on file to support any of the Trustees being paid from the Motor Vehicle License Fund, Gasoline Tax Fund, and the Cemetery Fund, yet each of the Trustees received partial compensation from those funds. When the Trustees failed to certify time or provide time and effort documentation, the Board of Trustees did not follow the requirements of Ohio Rev. Code § 505.24(C). During the months in 2013 that the Board of Trustees did not follow the statutory certification requirements, township salaries and fringe benefits were paid from the from the Motor Vehicle License fund in the amount of \$2,777; Gasoline Tax Fund in the amount of \$8,331; and the Cemetery Fund in the amount of \$1,389. In addition, Township insurance reimbursements were paid from the Motor Vehicle License Fund in the amount of \$400; Gasoline Tax Fund in the amount of \$1,202; and the Cemetery Fund in the amount of \$200. Furthermore, Township insurance premiums were paid from the Motor Vehicle License Fund in the amount of \$1,918; Gasoline Tax Fund in the amount of \$5,751; and the Cemetery Fund in the amount of \$958.

In accordance with the foregoing facts, a Finding for Adjustment is hereby issued against the Township's General Fund in the amount of \$22,926 and in favor of the Motor Vehicle License Fund in the amount of \$5,095; Gasoline Tax Fund in the amount of \$15,284; and the Cemetery Fund in the amount of \$2,547.

The Fiscal Officer has not posted these adjustments to the Township records, and, therefore, they are not reflected in the accompanying financial statements.

We recommend the Township review Auditor of State Bulletins 2013-002 and 2011-007 regarding legislative changes governing township fiscal officer and trustee compensation and what is now required of township trustees and fiscal officers under the new law. We further recommend each township trustee and fiscal officer complete the required certification when compensated from funds other than the General Fund.

**Officials' Response:** In regard to the finding for adjustment, the Township has corrected the documentation for payroll in 2014. We will make an effort to adjust the General Fund balance back to the respective funds as available.

HARRISON TOWNSHIP  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-002

Noncompliance Citation

Ohio Rev. Code § 505.262(A) authorized a board of township trustees to issue notes of the Township to finance installment payments purchases of equipment, buildings, and sites for any lawful Township purpose. All notes issued shall be pursuant to Revised Code § 133.20. Furthermore, The Attorney General opined that Ohio Rev. Code § 505.262(A) does not grant explicitly or implicitly the authority of the Township to grant a security interest in the property purchase by installment contract. [1996 Op. Atty Gen. No. 1996-048].

The Township issued a Promissory Note in the amount of \$16,500 in 2012 that did not meet the requirements of Ohio Rev. Code § 133.20.

We recommend the Township Trustees authorize only the issuance of notes pursuant to Ohio Rev. Code § 133.20

**Officials' Response:** In the future, when seeking to finance a purchase, we will refer to Ohio Rev. Code § 133.20.

FINDING NUMBER 2013-003

Noncompliance Citation

Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources.

Appropriations exceeded estimated resources at December 31, 2012, in the following funds:

Fund	Estimated Resources	Appropriation Authority	Variance
Gasoline Tax Fund	\$131,972	\$133,928	\$1,956
Fire/EMS Fund	\$142,523	\$152,967	\$10,444
FEMA Fund	\$9,784	\$11,684	\$1,900

This could result the Township spending in excess of their estimated resources.

We recommend the Board of Trustees not approve appropriations that exceed estimated resources.

**Officials' Response:** We will correct this issue of appropriations exceeding estimated resources by updating the UAN system to reflect changes in amended certificates in the future.

**HARRISON TOWNSHIP  
VINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Material Weakness – Posting Receipts and Expenditures	No	Partially Corrected, reissued as recommendation in the management letter

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# Dave Yost • Auditor of State

**HARRISON TOWNSHIP**

**VINTON 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  
SEPTEMBER 02, 2014**