



Dave Yost • Auditor of State





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Harrison Township  
Champaign County  
3776 Couchman Road  
West Liberty, Ohio 43357

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Harrison Township (the Township) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2014 and 2013, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger report to the December 31, 2012 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger report to the December 31, 2013 balances in the Fund Ledger report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Fund Status reports. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2014 bank reconciliation without exception.
5. We selected the only reconciling debit (such as an outstanding check) haphazardly from the December 31, 2014 bank reconciliation:
  - a. We traced the debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amount and date to the check register, to determine that the debit was dated prior to December 31. We noted no exceptions.
6. We inspected the Fund Ledger report to determine whether the Finding for Adjustment identified in the prior audit report, due from the General Fund, payable to the Gasoline Tax Fund, was properly posted to the report. We found no exceptions.

### Property Taxes and Intergovernmental Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and one from 2013:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register report. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected all three receipts from the State Distribution Transaction Lists (DTL) from 2014 and all three from 2013. We also selected five receipts from the County Auditor's Transaction History Listing Report from 2014 and five from 2013.
  - a. We compared the amount from the above report to the amount recorded in the Receipt Register report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper fund(s). We found one exception. **Ohio Rev. Code §5705.10(C)** states that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. Additionally, **Ohio Rev. Code §5705.10(D)** states that, except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code, 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. In 2014, the Township posted \$34 of manufactured home reimbursements to only the General Fund, rather than all levy funds. The Township should implement procedures to review allocations of receipts to ensure they are properly recorded.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2012.
2. We inquired of management, and scanned the Receipt Register report and Payment Register Detail report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. We noted no new debt issuances or any debt payment activity during 2014 and 2013.

### Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.

**Payroll Cash Disbursements (Continued)**

- b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files, minute record, or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions except for those indicated in Step 4 below.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2014 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2014. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal Income Taxes & Medicare	January 31, 2015	December 18, 2014	\$713.43	\$713.43
State Income Taxes	January 31, 2015	December 18, 2014	\$74.10	\$74.10
School District Income Tax	January 31, 2015	December 18, 2014	\$118.86	\$118.86
OPERS Retirement	January 30, 2015	December 18, 2014	\$803.66	\$803.66

3. For the pay periods ended April 30, 2014 and July 31, 2013, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax Fund per the Wage Detail Report. We found no exceptions except for those indicated in Step 4 below.
4. For the pay periods described in the preceding step, we traced the Boards' salary for time or services performed to supporting certifications the Revised Code requires. The Township did not have supporting certifications.

**Ohio Rev. Code §505.24(C)** states 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. If the office of trustee is held by more than one person during any calendar year, each person holding the office shall receive payments for only those months, and any fractions of those months, during which the person holds the office. 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.

The Township allocated Trustee pay to funds other than the General Fund during 2013 and 2014; however, the Trustees did not certify the percentages for the allocations. The Township completed time and effort documentation for work completed. For the pay period ended July 31, 2013, one Trustee's time and effort documentation calculated the salary allocation as 16.7% to the General Fund and 83.3% to the Gasoline Tax Fund; however the Township actually posted 9.7% to the General Fund and 90.3% to the Gasoline Tax Fund. This resulted in \$49 incorrectly allocated to the Gasoline Tax Fund rather than the General Fund. This error was immaterial and did not require adjustment.

### Payroll Cash Disbursements (Continued)

In addition, in 2013 and 2014, one Trustee's salary, in the amount of \$16,980 for both years, was posted entirely to the Gasoline Tax Fund. The time and effort documentation for 2013 and 2014 calculated the salary allocation as approximately 38% General Fund and 62% Gasoline Tax Fund. The Township should have allocated \$6,475 of the Trustee's salary to the General Fund.

In accordance with the foregoing facts, we hereby issue a finding for adjustment, in the amount of \$6,475 from the Gasoline Tax Fund to the General Fund. The Township should decrease fund balances in the General Fund and increase fund balances in the Gasoline Tax Fund to properly account for the improper expenditures. Additionally, the Township should implement procedures to ensure Trustee salary allocations are authorized and certified as required. The Township has properly adjusted fund balances to account for the adjustment.

### Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail report for the year ended December 31, 2014 and ten from the year ended 2013 and determined whether:
  - a. The disbursements were for a proper public purpose. **Ohio Rev. Code §5739.02(B)(2)** states in part, sales tax does not apply to sales to the state or any of its political subdivisions. We found one instance where the Township paid \$13.89 of sales tax in 2014. The Township should implement procedures to utilize sales tax exempt forms when necessary to avoid unnecessary charges.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The Fiscal Officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

### Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status report for the General, Motor Vehicle License Tax and Cemetery (2041) funds for the years ended December 31, 2014 and 2013. The amounts on the *Certificate* agreed to the amounts recorded in the accounting system, except for the General Fund in 2014. The Revenue Status report recorded budgeted (i.e. certified) resources for the General Fund of \$39,910 for 2014. However, the final *Amended Official Certificate of Estimated Resources* reflected \$47,610. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Fire & Ambulance Special Levy and Street Light Assessment funds, the Trustees appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.

### **Compliance – Budgetary (Continued)**

3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status report for 2014 and 2013 for the following funds: General, Gasoline Tax, and Road & Bridge. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax and Road & Bridge funds for the years ended December 31, 2014 and 2013. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2014 and 2013 for the General, Gasoline Tax and Road & Bridge funds, as recorded in the Appropriation Status report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register report for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2014 and 2013 Revenue Status reports and Appropriation Status reports for evidence of interfund transfers exceeding \$5,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township did not establish these reserves.
9. We scanned the Fund Ledger reports for the years ended December 31, 2014 and 2013 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2014 and 2013 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

August 5, 2015



# Dave Yost • Auditor of State

**HARRISON TOWNSHIP**

**CHAMPAIGN 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  
AUGUST 25, 2015**