



Dave Yost • Auditor of State



HARRISON TOWNSHIP  
VAN WERT COUNTY

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# Dave Yost • Auditor of State

Harrison Township  
Van Wert County  
8497 Pancake Road  
Convoy, OH 45832

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

July 5, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Harrison Township  
Van Wert County  
8497 Pancake Road  
Convoy, OH 45832

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township, Van Wert County, (the Township) as of and for the years ended December 31, 2010 and 2009. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Harrison Township, Van Wert County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 July 5, 2011, 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.



**Dave Yost**  
Auditor of State

July 5, 2011



**HARRISON TOWNSHIP  
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$16,307	\$66,251		\$82,558
Licenses, Permits, and Fees	1,088	1,400		2,488
Intergovernmental	76,320	113,748	\$53,129	243,197
Earnings on Investments	223	649		872
Miscellaneous	1,643			1,643
<b>Total Cash Receipts</b>	<u>95,581</u>	<u>182,048</u>	<u>53,129</u>	<u>330,758</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	63,871	34,656		98,527
Public Safety	14,807			14,807
Public Works	1,470	106,380		107,850
Health	100	52		152
Capital Outlay		2,539	53,129	55,668
<b>Debt Service:</b>				
Redemption of Principal		11,210		11,210
Interest and Other Fiscal Charges		2,641		2,641
<b>Total Cash Disbursements</b>	<u>80,248</u>	<u>157,478</u>	<u>53,129</u>	<u>290,855</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>15,333</u>	<u>24,570</u>		<u>39,903</u>
Fund Cash Balances, January 1	<u>(3,213)</u>	<u>272,452</u>		<u>269,239</u>
Fund Cash Balances, December 31	<u>\$12,120</u>	<u>\$297,022</u>	<u>\$0</u>	<u>\$309,142</u>

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

**HARRISON TOWNSHIP  
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$13,477	\$65,546	\$79,023
Licenses, Permits, and Fees	1,112		1,112
Intergovernmental	111,847	110,200	222,047
Earnings on Investments	1,479	2,451	3,930
Miscellaneous	2,029		2,029
Total Cash Receipts	<u>129,944</u>	<u>178,197</u>	<u>308,141</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
General Government	73,023	33,751	106,774
Public Safety	14,319		14,319
Public Works	1,494	96,747	98,241
Health	94		94
Capital Outlay		66,361	66,361
<b>Debt Service:</b>			
Redemption of Principal		13,030	13,030
Interest and Other Fiscal Charges		821	821
Total Cash Disbursements	<u>88,930</u>	<u>210,710</u>	<u>299,640</u>
Total Receipts Over/(Under) Disbursements	<u>41,014</u>	<u>(32,513)</u>	<u>8,501</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Sale of Notes		61,450	61,450
Other Financing Sources	5,235		5,235
Total Other Financing Receipts / (Disbursements)	<u>5,235</u>	<u>61,450</u>	<u>66,685</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	46,249	28,937	75,186
Fund Cash Balances, January 1	<u>(49,462)</u>	<u>243,515</u>	<u>194,053</u>
Fund Cash Balances, December 31	<u><u>(\$3,213)</u></u>	<u><u>\$272,452</u></u>	<u><u>\$269,239</u></u>

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

**HARRISON TOWNSHIP  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**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, Van Wert 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 contracts with the Villages of Wren and Convoy to provide fire and ambulance services.

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 Township values certificates of deposit at cost.

**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 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 private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

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

**HARRISON TOWNSHIP  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

**Issue II Fund** - The Township received a grant from the State of Ohio to resurface Township roads.

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

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**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.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$240,412	\$201,365
Certificates of deposit	68,730	67,874
Total deposits	<u>\$309,142</u>	<u>\$269,239</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**HARRISON TOWNSHIP  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

**2010 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 50,406	\$ 95,581	\$45,175
Special Revenue	192,110	182,048	(10,062)
Capital Projects	53,000	53,129	129
Total	<u>\$295,516</u>	<u>\$330,758</u>	<u>\$35,242</u>

**2010 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 62,146	\$ 80,248	(\$ 18,102)
Special Revenue	320,332	157,478	162,854
Capital Projects	53,000	53,129	(129)
Total	<u>\$435,478</u>	<u>\$290,855</u>	<u>\$144,623</u>

**2009 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 48,938	\$135,179	\$ 86,241
Special Revenue	182,925	239,647	56,722
Total	<u>\$231,863</u>	<u>\$374,826</u>	<u>\$142,963</u>

**2009 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 66,392	\$ 88,930	(\$ 22,538)
Special Revenue	395,416	210,709	184,707
Total	<u>\$461,808</u>	<u>\$299,639</u>	<u>\$162,169</u>

**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.

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.

**HARRISON TOWNSHIP  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**5. LEASE**

Debt outstanding at December 31, 2010 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Lease	\$37,415	5.3%
Total	\$37,415	

The Township entered into a lease agreement with US Bank for \$61,654 to finance the purchase of a new durapatcher on June 25, 2009. The lease is for five years, with first payment due 90 days from the start of the lease.

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

<b>Year ending December 31:</b>	<b>Lease</b>
2011	\$13,850
2012	13,850
2013	13,850
Total	\$41,550

**6. RETIREMENT SYSTEMS**

The Township's elected officials 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 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



# Dave Yost • Auditor of State

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

Harrison Township  
Van Wert County  
8497 Pancake Road  
Convoy, OH 45832

To the Board of Trustees:

We have audited the financial statements of Harrison Township, Van Wert County (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 5, 2011 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 also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-01 and 2010-03 described in the accompanying schedule of findings to be material weaknesses.

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**Internal Control Over Financial Reporting  
(Continued)**

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 2010-02 described in the accompanying schedule of findings to be a significant deficiency.

**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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-01, 2010-02 and 2010-04.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 5, 2011.

The Township's response to the finding 2010-04 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.

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

July 5, 2011



HARRISON TOWNSHIP  
VAN WERT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-01

**Material Weakness - Noncompliance – Trustee Salary Allocations**

**Ohio Rev. Code Section 505.24(C)** sets forth the method by which township trustees' compensation should be allocated. This section is amplified by Ohio Attorney General (OAG) Opinion 2004-036.

In summary, **Ohio Rev. Code Section 505.24(C)** requires the following:

- (1) Trustees receiving per diem compensation: The trustees must resolve a method by which each trustee shall periodically notify the township clerk of the number of days spent on township services and the kinds of services rendered on those days. The per diem compensation shall be paid from the township general fund or from other township funds in proportion to the kinds of services rendered, as documented. (For example, the township could charge trustee time spent on road repairs to the road & bridge fund.)
- (2) Trustees receiving compensation by annual salary: By resolution, Ohio Rev. Code Section 505.24(C) permits trustees to receive annual salaries instead of per diem payments. When paid by salary, Rev. Code Section 505.24(C) does not prescribe a "documentation of time spent" requirement.

However, for salaries not paid from the general fund, effective October 19, 2004, OAG Opinion 2004-036 requires trustees to establish administrative procedures to document the proportionate amount chargeable to other township restricted funds based on the kinds of services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees' document all time spent on township business and the type of service performed, in a manner similar to trustees paid per diem compensation. If trustees do not document their time, then no part of salaries may be paid from these restricted funds.

Per the above, the trustees must keep records of the time spent on various tasks and the fund to which the Township will charge their costs. (The sole exception to this is for trustees charging all salaries to the general fund, as described above.) There is no one method for documenting time and the kinds of services rendered. A diary, time sheets or other methods will suffice if they include the information described above.

The Trustees did not pass a resolution to pay salaries from restricted funds for the years 2010 and 2009. Additionally, the Trustees did not maintain any documentation to support the time allocated to township restricted funds. During 2009, this resulted in overcharges of \$4,491, \$18,772, and \$6,142 to the Motor Vehicle License, Gasoline Tax, and Road and Bridge funds, respectively. During 2010, this resulted in overcharges of \$3,784, \$18,065, and \$7,556 to the Motor Vehicle License, Gasoline Tax, and Road and Bridge funds, respectively. Without documentation to support the cost to these restricted funds, these charges should have been applied to the General Fund.

The adjustments required to accurately state the Township's fund balances at December 31, 2010 are as follows and the accompanying financial statements have been adjusted:

**FINDING NUMBER 2010-01  
 (Continued)**

<u>Fund Type</u>	<u>Township's Ending Fund Balance</u>	<u>Misstatement Increase/(Decrease)</u>	<u>Audited Ending Fund Balance</u>
General	\$102,358	(\$58,810)	\$43,548
Motor Vehicle	30,888	8,275	39,163
Gasoline Tax	108,204	36,837	145,041
Road and Bridge	41,904	13,698	55,602

**Official's Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2010-02**

**Significant Deficiency - Noncompliance –Fiscal Officer's Allocation**

**Ohio Rev. Code Section § 5705.10(H)** provides that money paid into any fund shall be used only for the purposes for which such fund is established.

The Township established Motor Vehicle License Fund for the purpose of construction, reconstruction, improvement, maintenance, and repair of township roads, bridges, and culvert. In 2009, the Township paid \$1,061 of the Fiscal Officer's salary from these funds. This was not a purpose for which such funds were established. Rather, the Township should pay 100% of the Fiscal Officer's salary from the General Fund.

The adjustments required to accurately state the Township's fund balance at December 31, 2010 are as follows and the accompanying financial statements have been adjusted:

<u>Fund Type</u>	<u>Township's Ending Fund Balance</u>	<u>Misstatement Increase/(Decrease)</u>	<u>Audited Ending Fund Balance</u>
General	\$43,548	(\$1,061)	\$42,487
Motor Vehicle	39,163	1,061	40,224

**Official's Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2010-03**

**Material Weakness – Classification of Revenues and Expenditures**

The Township posted transactions to the cash journal and revenue/appropriation ledgers, however, not all transactions were posted to the correct revenue account. The UAN chart of accounts should be used for posting revenue activity. The following items were not posted in accordance with UAN's chart of accounts during 2010 and 2009:

- During 2009, Real Estate tax was incorrectly posted to the General Fund in the amount of \$12,138 rather than to the Special Levy Fund per the Van Wert County Tax Settlement sheet. Motor Vehicle Gas Tax was incorrectly posted to the General Fund as tax in the amount of \$1,046 rather than to the Motor Vehicle Gas Tax intergovernmental revenue. In addition, homestead and rollback was posted to the General Fund as taxes instead of being split as required between the General Fund, Road and Bridge, and Special Levy fund as intergovernmental revenue in the amount of \$2,160, \$5,348, and \$5,309, respectively.

**FINDING NUMBER 2010-03**  
**(Continued)**

- During 2010, homestead and rollback was posted to the General Fund as taxes instead of being split as required between the General Fund, Road and Bridge, and Special Levy fund as intergovernmental revenue in the amount of \$1,363, \$2,596, and \$2,531, respectively. Sale of cemetery lots was posted to the General Fund as License, Permits, & Fees in the amount of \$1,400 rather than to the Cemetery Fund as Other Financing Sources. Also, the Ohio Public Works Commission Issue II monies that were received/spent on behalf of the Township by Van Wert County were not posted to the township books in the amount of \$53,129 as intergovernmental revenue/ capital outlay expenditures for the Capital Projects Fund.

The failure to follow the required UAN chart of accounts when coding revenue and expenditure activity could result in the material misstatement of the revenue and expenditure line items for reporting. The revenues and fund balances in the accompanying financial statements have been adjusted for the above.

The UAN chart of accounts should be reviewed when posting revenue and expenditure activity to determine which account code and fund best represents the transaction.

**Official's Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2010-04**

**Finding for Recovery - Overpayment of Audit Expenditure**

The Township contracted with Schwarzbek, Barton LLC, CPA to perform the 2008 and 2007 financial audit. The contract amount was \$2,975. Per the invoice from Schwarzbek, Barton LLC, CPA, as approved by Auditor of State, covering services performed for the month of June through the 15<sup>th</sup>, 2009, a total of \$2,310 was charged for current work completed.

The Township paid the invoice with check #9997 dated November 1, 2009 in the amount of \$2,975. This payment exceeded the approved amount by \$665.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is issued against Barton S. Schwarzbek of Schwarzbek, Barton LLC, CPA in the amount of \$665 and in favor of the Harrison Township's General Fund in the amount of \$665.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure was made is liable for the amount of the expenditure. Seward v. National Surety Corp., 120 Ohio St 47 (1929); 1980 Op. Attn Gen. No80-047; Ohio Rev Code Section 9.39; State ex.rel. Village of Linndale v. Masten, 18 Ohio St.3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriate, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No 80-074.

Accordingly, a Finding for Recovery is hereby issued against Susan Isenbarger, Fiscal Officer, and her bonding company, Travelers Casualty and Surety Company of America, jointly and severally in the total amount of \$665 and in favor of Harrison Township's General Fund to the extent that recovery or restitution is not obtained from Barton S. Schwarzbek, of Schwarzbek, Barton LLC, CPA.

**FINDING NUMBER 2010-04  
(Continued)**

**Official's Response:**

The payment of the full amount was made by the fiscal officer due to the fact that she already had her post audit with Mr. Schwarzbek. It was unknown by the fiscal officer that Mr. Schwarzbek was not performing the work that he was hired by the State Auditor's Office to do. However, I (the Fiscal Officer) am agreeing to pay the finding of \$665 due to the fact the person that should pay it, Bart S. Schwarzbek, will not. Also I do not wish to have a bond posting to my record. I will personally pay \$200 on August 6, 2011 and the remaining amount \$465 on September 8, 2011. I will receipt the amounts to the Township General Fund.

**HARRISON TOWNSHIP  
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

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>
2008-001	Ohio Revised Code Section 5705.41(D) Failure to certify the availability of funds	Partially Corrected	See Management Letter
2008-002	Ohio Revised Code Section 505.24 ( C ) failure to provide documentation for allocation of Trustees Salaries	No	Re-issued as Finding 2010-01
2008-003	Misclassification of Revenues	No	Re-issued as Finding 2010-03

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# Dave Yost • Auditor of State

HARRISON TOWNSHIP

VAN WERT 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 16, 2011