



Dave Yost • Auditor of State

**AID TOWNSHIP
LAWRENCE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Aid Township
Lawrence County
13631 SR 141
Kitts Hill, Ohio 45645

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type, and related notes of Aid Township, Lawrence County, (the Township) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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 (GAAP), to satisfy these requirements.

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Aid Township, Lawrence County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 7 to the financial statements, the January 1, 2013 balances were restated for the General and Special Revenue Funds due to a prior period adjustment for Board of Trustees salaries and benefits being paid from the Gasoline Tax Fund which should have been paid from the General Fund.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2016, 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.



Dave Yost
Auditor of State

Columbus, Ohio

April 8, 2016

**AID TOWNSHIP
LAWRENCE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$16,140	\$21,153	\$37,293
Intergovernmental	9,101	138,314	147,415
Earnings on Investments	75	170	245
Miscellaneous	27		27
<i>Total Cash Receipts</i>	<u>25,343</u>	<u>159,637</u>	<u>184,980</u>
Cash Disbursements			
Current:			
General Government	29,938	6,678	36,616
Public Safety	846	25,020	25,866
Public Works	36	74,596	74,632
Capital Outlay		40,473	40,473
Debt Service:			
Principal Retirement		15,487	15,487
Interest and Fiscal Charges		447	447
<i>Total Cash Disbursements</i>	<u>30,820</u>	<u>162,701</u>	<u>193,521</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(5,477)</u>	<u>(3,064)</u>	<u>(8,541)</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	410		410
Other Financing Uses	(116)		(116)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>294</u>	<u>0</u>	<u>294</u>
<i>Net Change in Fund Cash Balances</i>	(5,183)	(3,064)	(8,247)
<i>Fund Cash Balances, January 1</i>	<u>10,691</u>	<u>124,777</u>	<u>135,468</u>
Fund Cash Balances, December 31			
Restricted		121,713	121,713
Assigned	5,508		5,508
<i>Fund Cash Balances, December 31</i>	<u>\$5,508</u>	<u>\$121,713</u>	<u>\$127,221</u>

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

**AID TOWNSHIP
LAWRENCE 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)
Cash Receipts			
Property and Other Local Taxes	\$14,472	\$20,177	\$34,649
Intergovernmental	9,147	101,074	110,221
Earnings on Investments	44	92	136
<i>Total Cash Receipts</i>	<u>23,663</u>	<u>121,343</u>	<u>145,006</u>
Cash Disbursements			
Current:			
General Government	23,426	6,293	29,719
Public Safety	195	14,434	14,629
Public Works		61,689	61,689
Capital Outlay		5,910	5,910
Debt Service:			
Principal Retirement		15,051	15,051
Interest and Fiscal Charges		883	883
<i>Total Cash Disbursements</i>	<u>23,621</u>	<u>104,260</u>	<u>127,881</u>
<i>Net Change in Fund Cash Balances</i>	42	17,083	17,125
<i>Fund Cash Balances, January 1 - Restated See Note 7</i>	<u>10,649</u>	<u>107,694</u>	<u>118,343</u>
Fund Cash Balances, December 31			
Restricted		124,777	124,777
Assigned	10,691		10,691
<i>Fund Cash Balances, December 31</i>	<u>\$10,691</u>	<u>\$124,777</u>	<u>\$135,468</u>

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

**AID TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 Aid Township, Lawrence 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 and fire protection.

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM), a risk-sharing pool available to Ohio Townships. Note 6 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposits

The Township's accounting basis includes cash as assets.

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.

**AID TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Special Revenue Funds

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus encumbered 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 carried over, and need not be reappropriated.

A summary of 2014 and 2013 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.

**AID TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (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.

**AID TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. Equity in Pooled Deposits

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:

	2014	2013
Demand deposits	\$127,221	\$135,468

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

3. Budgetary Activity

Budgetary activity for the years ending 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,521	\$25,753	\$1,232
Special Revenue	107,997	159,637	51,640
Total	\$132,518	\$185,390	\$52,872

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,085	\$30,936	\$8,149
Special Revenue	199,473	162,701	36,772
Total	\$238,558	\$193,637	\$44,921

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,643	\$23,663	\$4,020
Special Revenue	92,674	121,343	28,669
Total	\$112,317	\$145,006	\$32,689

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$35,473	\$23,621	\$11,852
Special Revenue	166,748	104,260	62,488
Total	\$202,221	\$127,881	\$74,340

**AID TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in Fire Department Grant Fund (\$15,000) for the year ended December 31, 2014 and in the Motor Vehicle License Tax Fund (\$646) for the year ended December 31, 2013.

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. 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 this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% 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, 2014.

6. Risk Management

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**AID TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Risk Management (Continued)

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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 financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014:

	2013	2014
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	\$5,805,909	\$5,887,681

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

7. Restatement of Balances

The January 1, 2013 balances were restated for the General and Special Revenue Funds due to a prior period adjustment being posted to correct for salaries and benefits for the Board of Trustees being paid from the Gasoline Tax Fund which should have been paid from the General Fund.

Fund Type	December 31, 2012 Audited Balance	January 1, 2013 Restated Balance	Restatement Amount
General	\$14,088	\$10,649	(\$3,439)
Special Revenue	104,255	107,694	3,439
Total	\$118,343	\$118,343	\$0

**AID TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. Material Noncompliance

Contrary to Ohio Rev. Code §5705.41(B), budgetary expenditures exceeded appropriation authority in Fire Department Grant Fund (\$15,000) for the year ended December 31, 2014 and in the Motor Vehicle License Tax Fund (\$646) for the year ended December 31, 2013.

9. Subsequent Events

On March 19, 2016, the Board approved a resolution authorizing the issuance and sale of not to exceed \$81,121 in Equipment Acquisition Bonds, Series 2016, for the purpose of purchasing a tractor.

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

Aid Township
Lawrence County
13631 SR 141
Kitts Hill, Ohio 45645

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 cash balances, receipts, and disbursements by fund type of the Aid Township, Lawrence County, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated April 8, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted beginning fund balances were restated as of January 1, 2013 for the General and Special Revenue Funds.

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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2014-001 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2014-002.

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

April 8, 2016

**AID TOWNSHIP
LAWRENCE COUNTY**

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

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

FINDING NUMBER 2014-001

Material Weakness

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

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Township misclassified and misposted various revenues and expenditures to the annual financial report submitted to the Auditor of State for fiscal years 2014 and 2013. These misstatements had the following effect on the Township's financial statements:

On the December 31, 2014 financial statement:

- In the Gasoline Tax Fund, a reclassification of \$15,934 was made from Capital Outlay to Principal, \$15,487, and Interest, \$447, for a debt payment.
- In the General Fund, a reclassification of \$417 was made from Public Safety to General Government line item for the misposting of an administrative expense.
- In the General Fund, an adjustment to reduce General Government expenditures and Taxes line items was made in the amount of \$2,256 for the overstatement of tax collection fees.
- In the Road and Bridge Fund, an adjustment to reduce General Government expenditures and Taxes line items was made in the amount of \$684.
- In the Fire Fund, an adjustment to reduce General Government expenditures and Taxes line items was made in the amount of \$1,994.
- In the Fire Fund, a reclassification of \$10,020 was made from the General Government to the Public Safety line item for the posting of disbursements to the fire department.
- In the Gasoline Tax Fund, a reclassification of \$14,302 was made from Public Works to Capital Outlay line item for disbursements related to a resurfacing project.
- In the Gasoline Tax Fund, an adjustment to increase intergovernmental revenue and capital outlay in the amount of \$25,426 was made to record to payment made for resurfacing project made on the behalf of the County Engineer's Office.
- Trustees' insurance reimbursements of \$4,241 were misposted to the Motor Vehicle License Tax Fund. Furthermore, there was \$2,302 misposted to the General Fund. This resulted in a total of \$6,543 that was adjusted to the Public Works expenditures line item in the Gasoline Tax Fund.
- Trustees' salaries of \$2,547 were adjusted from the Gasoline Tax Fund to the General Fund to account for administrative time of the Trustees.

FINDING NUMBER 2014-001
(Continued)

- There was a tangible personal property tax receipt that was posted entirely to the General Fund as Taxes in the amount of \$202 that was adjusted to the Road and Bridge Fund (\$34) and Fire Fund (\$168).
- Homestead and Rollback monies totaling \$3,459 were posted entirely to the General Fund as Taxes which were adjusted as follows: \$2,215 reclassified as Intergovernmental Receipts in the General Fund; \$337 adjusted as Intergovernmental Receipts in the Road and Bridge Fund; and \$907 adjusted as Intergovernmental Receipts in the Fire Fund.
- Homestead and Rollback monies were posted as Taxes in the Road and Bridge Fund (\$367) and the Fire Fund (\$1,048) instead of as Intergovernmental Receipts.
- The General Fund balance remaining at December 31, 2014, \$5,508, was reclassified from Unassigned to Assigned to account for 2015 appropriations exceeding estimated receipts for the year.

On the December 31, 2013 financial statement:

- In the Gasoline Tax Fund, a reclassification of \$10,934 was made from Capital Outlay to Principal for a debt payment.
- In the Road and Bridge Fund, a reclassification of \$5,000 was made from Capital Outlay to Principal, \$4,117, and interest, \$883, for a debt payment.
- In the Fire Fund, a reclassification of \$14,434 was made from the General Government to the Public Safety line item to account for disbursements to the fire department.
- Trustees' insurance reimbursements of \$4,418 were misposted to the General Fund, rather than the Gasoline Tax Fund.
- Trustees' salaries of \$2,200 were adjusted from the Gasoline Tax Fund to the General Fund to account for administrative time of the Trustees.
- Homestead and Rollback monies totaling \$4,448 were posted entirely to the General Fund as Taxes which were adjusted as follows: \$2,010 reclassified as Intergovernmental Receipts in the General Fund; \$609 adjusted as Intergovernmental Receipts in the Road and Bridge Fund; and \$1,829 adjusted as Intergovernmental Receipts in the Fire Fund.
- In the Fire Fund, an adjustment of \$3,530 was made from Taxes to the Motor Vehicle License Tax Fund Intergovernmental Receipts.
- Tax monies totaling \$143 were posted entirely to the General Fund Taxes and were adjusted to the Road and Bridge Fund Taxes, \$43, and Fire Fund Taxes, \$100.
- Taxes and General Government expenditures were understated for tax receipts. This resulted in adjustments to increase Taxes and General Government expenditures as follows: General Fund in amount of \$515; Road and Bridge Fund in amount of \$156; and Fire Fund in amount of \$549.
- There was \$248 in intergovernmental monies posted entirely to the General Fund as Taxes. This resulted in a reclassification of \$104 to Intergovernmental Receipts in the General Fund and an adjustment of \$32 to Road and Bridge Fund Intergovernmental Receipts and \$112 to the Fire Fund Intergovernmental Receipts.

**FINDING NUMBER 2014-001
 (Continued)**

- The General Fund balance remaining at December 31, 2013, \$10,691, was reclassified from Unassigned to Assigned to account for 2015 appropriations exceeding estimated receipts for the year.

Beginning Balances:

During the 2008-2007 audit, we noted the Township improperly paid salaries and fringe benefits for the Board of Trustees from the Gasoline Tax Fund that 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 during the 2010-2009 and 2012-2011 audit period. The amount has been recalculated at \$3,439. This resulted in the beginning balances for the audit period to be overstated in the General Fund by \$3,439 and understated in the Gasoline Tax Fund by \$3,439.

This resulted in audit adjustments and reclassifications to the financial statements.

The fund balance adjustments have been posted to the Township's accounting system.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and footnotes by the Fiscal Officer and Board of Trustees to identify and correct errors and omissions.

We also recommend the Fiscal Officer take care in posting transactions in order to ensure the year-end financial statements reflect the appropriate activity for the Township's receipts and expenditures.

FINDING NUMBER 2014-002

Ohio Rev. Code, § 5705.41(B), prohibits a subdivision or taxing unit from expending money unless it is appropriated.

At December 31, 2014, expenditures exceeded appropriations as follows:

Fund	Total Appropriations	Expenditures	Dollar Variance
Fire Department Grant Fund	\$0	\$15,000	(\$15,000)

At December 31, 2013, expenditures exceeded appropriations as follows:

Fund	Total Appropriations	Expenditures	Dollar Variance
Motor Vehicle License Tax Fund	\$15,500	\$16,146	(\$646)

This could result in overspending if not properly monitored.

We recommend the Fiscal Officer not approve expenditures unless temporary or permanent appropriations have been approved by the Township Board and filed with the County Auditor.

Officials' Response:

The Township is diligently striving to become compliant on the above issues before the next audit.

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**AID TOWNSHIP
LAWRENCE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-01	Ohio Rev. Code § 5705.36(A)(2) – appropriations exceeded actual resources	Yes	
2012-02	Ohio Rev. Code §5705.41(B) – expenditures exceeded appropriations	No	Reissued as Finding Number 2014-002
2012-03	Material Weakness - Sound Financial Reporting	No	Reissued as Finding Number 2014-001
2012-04	Material Weakness – Lack of images of checks	Yes	

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Dave Yost • Auditor of State

AID TOWNSHIP

LAWRENCE 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
APRIL 21, 2016**