



Dave Yost • Auditor of State

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Unity Township
Columbiana County
51977 State Route 14
East Palestine, Ohio 44413

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 Unity Township, Columbiana County, (the Township) as of and for the years ended December 31, 2015 and 2014.

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.

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, 2015 and 2014, 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 Unity Township, Columbiana County as of December 31, 2015 and 2014, 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 September 6, 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

September 6, 2016

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$27,074	\$410,299	\$0	\$437,373
Charges for Services	0	1,400	0	1,400
Licenses, Permits and Fees	26,178	0	0	26,178
Intergovernmental	65,042	177,902	0	242,944
Miscellaneous	39	7,383	0	7,422
<i>Total Cash Receipts</i>	<u>118,333</u>	<u>596,984</u>	<u>0</u>	<u>715,317</u>
Cash Disbursements				
Current:				
General Government	79,538	0	0	79,538
Public Safety	0	122,328	0	122,328
Public Works	35,969	568,833	0	604,802
Human Services	0	8,864	0	8,864
Capital Outlay	13,500	28,254	0	41,754
<i>Total Cash Disbursements</i>	<u>129,007</u>	<u>728,279</u>	<u>0</u>	<u>857,286</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,674)</u>	<u>(131,295)</u>	<u>0</u>	<u>(141,969)</u>
Other Financing Receipts (Disbursements)				
Advances In	0	5,000	0	5,000
Advances Out	(5,000)	0	0	(5,000)
Other Financing Sources	0	44,824	0	44,824
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,000)</u>	<u>49,824</u>	<u>0</u>	<u>44,824</u>
<i>Net Change in Fund Cash Balances</i>	<u>(15,674)</u>	<u>(81,471)</u>	<u>0</u>	<u>(97,145)</u>
<i>Fund Cash Balances, January 1</i>	<u>97,904</u>	<u>233,437</u>	<u>938</u>	<u>332,279</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	600	600
Restricted	0	151,966	338	152,304
Unassigned (Deficit)	82,230	0	0	82,230
<i>Fund Cash Balances, December 31</i>	<u>\$82,230</u>	<u>\$151,966</u>	<u>\$938</u>	<u>\$235,134</u>

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

**UNITY TOWNSHIP
COLUMBIANA 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	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$25,710	\$429,166	\$0	\$454,876
Charges for Services	0	2,999	0	2,999
Licenses, Permits and Fees	26,096	0	0	26,096
Intergovernmental	45,239	182,903	0	228,142
Earnings on Investments	0	0	1	1
Miscellaneous	1,515	17,755	0	19,270
<i>Total Cash Receipts</i>	<u>98,560</u>	<u>632,823</u>	<u>1</u>	<u>731,384</u>
Cash Disbursements				
Current:				
General Government	80,856	4,577	0	85,433
Public Safety	0	272,290	0	272,290
Public Works	34,650	557,585	0	592,235
<i>Total Cash Disbursements</i>	<u>115,506</u>	<u>834,452</u>	<u>0</u>	<u>949,958</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(16,946)</u>	<u>(201,629)</u>	<u>1</u>	<u>(218,574)</u>
Other Financing Receipts (Disbursements)				
Advances In	4,000	4,000	0	8,000
Advances Out	(4,000)	(4,000)	0	(8,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(16,946)</u>	<u>(201,629)</u>	<u>1</u>	<u>(218,574)</u>
<i>Fund Cash Balances, January 1</i>	<u>114,850</u>	<u>435,066</u>	<u>937</u>	<u>550,853</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	600	600
Restricted	0	233,437	338	233,775
Assigned	15,179	0	0	15,179
Unassigned (Deficit)	82,725	0	0	82,725
<i>Fund Cash Balances, December 31</i>	<u>\$97,904</u>	<u>\$233,437</u>	<u>\$938</u>	<u>\$332,279</u>

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

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

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 Unity Township, Columbiana County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township also has an elected Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance, and general government services. The Township contracts with the Villages of East Palestine and New Waterford to provide fire services. Police protection is provided by the Columbiana County Sheriff's office.

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 and Investments

The Township's accounting basis includes investments in fund balances. 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.

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.

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:

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

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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

Fire District Fund – This fund consists of one 1 mill voted levy for the purpose of providing fire protection to township residents.

Road District Fund – This fund is a voted 2 mill levy used for the construction, reconstruction, resurfacing and repair of township roads and bridges.

3. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemeteries.

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 unencumbered 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 2015 and 2014 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:

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014
(CONTINUED)**

2. EQUITY IN POOLED DEPOSITS

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:

	2015	2014
Demand deposits	\$235,134	\$332,279

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$120,911	\$118,333	(\$2,578)
Special Revenue	621,740	641,808	20,068
Permanent	1	0	(1)
Total	\$742,652	\$760,141	\$17,489

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$143,734	\$129,503	\$14,231
Special Revenue	809,189	735,900	73,289
Permanent	0	0	0
Total	\$952,923	\$865,403	\$87,520

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$98,039	\$98,560	\$521
Special Revenue	634,821	632,823	(1,998)
Permanent	1	1	0
Total	\$732,861	\$731,384	(\$1,477)

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014
(CONTINUED)**

3. BUDGETARY ACTIVITY – (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$129,885	\$123,150	\$6,735
Special Revenue	1,060,162	849,046	211,116
Permanent	0	0	0
Total	\$1,190,047	\$972,196	\$217,851

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.

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

5. LEASE PURCHASE AGREEMENT

The Township has a lease purchase agreement financed by Wells Fargo Bank to purchase a 2016 International dump truck. Balance owed on this lease as of December 31, 2015 is \$94,524 which includes interest at 2.28%.

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

Year ending December 31:	List type of debt	Lease Purchase Agreement
2016	Truck lease	\$23,631
2017	Truck lease	23,631
2018	Truck lease	23,631
2019	Truck lease	23,631
Total		\$94,524

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, 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, 2015.

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014
(CONTINUED)**

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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



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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

Unity Township
Columbiana County
51977 State Route 14
East Palestine, Ohio 44413

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 Unity Township, Columbiana County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated September 6, 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.

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.

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 a material weakness and 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 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. We consider finding 2015-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2015-002 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, 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 2015-001 through 2015-003.

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

September 6, 2016

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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1. Ohio Rev. Code §5705.09 and 5705.12 - Establishing Funds and Permission to Establish Funds

<i>Finding Number</i>	2015-001
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NONCOMPLIANCE AND MATERIAL WEAKNESS

Under Ohio Rev. Code §5705.09 and 5705.12, Each subdivision must establish the following funds:

- General fund;
- Sinking fund whenever the subdivision has outstanding bonds other than serial bonds;
- Bond retirement fund, for the retirement of serial bonds, notes, or certificates of indebtedness;
- A special fund for each special levy;
- A special bond fund for each bond issue;
- A special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose;
- A special fund for each public utility operated by a subdivision;
- A trust fund for any amount received by a subdivision in trust.

Additionally subdivisions should establish the funds described in Ohio Rev. Code §5705.121, 5705.13, 5705.131, 5709.43, 5709.75, and 5709.80 when applicable. Establishing these funds (or other funds statutes mandate) does not require Auditor of State authorization.

However, should a taxing authority desire to establish other funds not authorized in the Ohio Revised Code, they must obtain *approval of the Auditor of State*. The subdivision may provide by ordinance or resolution that money derived from special sources other than the general property tax shall be paid directly into such funds.

It is necessary to request the Auditor of State’s permission to establish any fund not specifically authorized by statute or when the purpose of the fund is not identified in the Ohio Rev. Code, such as (but not limited to) §5705.09 (A) - (H). Situations requiring Auditor of State approval include:

- When management wishes to create a new fund in order to capture additional financial information about a specific source of revenue or a specific activity;
- When the fund will account for restricted gifts or bequests that will not be held in trust; and
- When management wants to impose internal restrictions on the use of otherwise unrestricted resources.

The Township established fund #2901, the Miscellaneous Electric Aggregation Special Revenue Fund in 2010 to account for receipts and expenditures of funds received from First Energy for participating in the electric aggregation program. The Township did not request or receive approval from the Auditor of State to establish this fund. The fund balance reported in this fund was \$75,032 at the end of 2014 and 2015, all of which should have been reported in the General Fund unassigned fund balance.

**Finding Number 2015-001
 (Continued)**

The Township established fund #2903 Miscellaneous Special Revenue Fund in 2015 to account for receipts and expenditures related to First Energy’s use and repair of certain roads within the Township. The Township did not request or receive approval from the Auditor of State to establish this fund. There was no balance in this fund at the end of 2015.

The following adjustment was proposed and made against the Miscellaneous Electric Aggregation Special Revenue Fund (2901), in favor of the Township’s General Fund (1000) in the amount of \$75,032.

The Township should establish procedures to ensure funds are established in accordance with Ohio Revised Code requirements including formal approval by the Board and permission to establish funds is obtained from the Auditor of State Office when necessary.

Official’s Response: The Township has transferred all the monies from the Miscellaneous Electric Aggregation Special Revenue Fund (2901) back into the General Fund. In the future, the Township will request permission from the Auditor of State Office when a new fund needs to be established.

2. Ohio Rev. Code §505.60 – Allocation of Benefits

<i>Finding Number</i>	2015-002
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NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

Ohio Rev. Code §505.60 provides that the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees.

The Township provides medical insurance to two members of the board of trustees. The salaries earned by these public officials are paid 100% from the General Fund; however, the premiums paid on behalf of these officials are paid in part from the Road & Bridge, Gas Tax, Road District and Permissive Motor Vehicle License Funds. In 2014, premium payments of \$5,348, \$4,010, \$8,331 and \$599 were paid on behalf of the township trustees from the Road & Bridge, Gas Tax, Road District and Permissive Motor Vehicle License funds, respectively. In 2015, premium payments of \$7,820, \$5,449 and \$4,979 were paid on behalf of the township trustees from the Road & Bridge, Gas Tax and Road District funds, respectively.

Insurance premiums and related payroll costs paid on behalf of township officials should be charged to funds in the same distribution method as salaries are charged (or solely from the General fund). Additionally, during 2014 and 2015, the Township paid portions of expenditures that would have been allowable from the Road & Bridge, Gas Tax, Road District and Permissive Motor Vehicle License Funds from the General Fund. These expenditures of \$19,000 in 2014 and \$24,000 in 2015 are allowable expenditures of the restricted road funds. Therefore, the insurance premiums paid on behalf of the township officials, netted against these road department expenditures paid from the General Fund in 2014 and 2015 would eliminate any adjustment needing to be made to the Township financial statements.

**Finding Number 2015-002
(Continued)**

The Township did not have procedures in place to allow for the allocation of salaries, and therefore related benefits, to funds other than the General Fund.

The Township should enact policies and procedures to ensure benefits and payroll related items paid on behalf of Township officials are charged to funds in the same distribution as the officials' salaries or are paid completely from the General Fund.

Official's Response: Since being made aware of the necessity of allocating the insurance premiums to the same funds as the Trustees' salaries, the Township has started to pay the insurance premiums from the General Fund which is the same fund that the Trustees' salaries are paid from.

3. Ohio Rev. Code §5705.10(D) – Misposting of Receipts

<i>Finding Number</i>	2015-003
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NONCOMPLIANCE

Ohio Rev. Code §5705.10(D) requires that all revenue derived from a source other than the general property tax and which the law prescribes, shall be used for a particular purpose is to be paid into a special fund.

The Ohio Township Manual and UAN Manual establish a chart of accounts that the Township should follow in posting receipts.

The following errors were noted in the recording of receipts:

1. The \$4,663 portion of a 2015 Homestead & Rollback receipt that should have been posted to the Fire District Fund was posted to the Road District Fund.
2. A 2014 \$3,334 receipt for the county and township motor vehicle license tax was posted to the state Motor Vehicle License Tax Fund instead of the Permissive Motor Vehicle License Tax Fund.

Not recording revenue in the appropriate fund can lead to spending money in a manner not in accordance with legal requirements.

The following adjustments were proposed and made to the Township's accounting records:

1. Against the State Motor Vehicle License Tax Fund (2011), in favor of the Permissive Motor Vehicle License Tax Fund (2231) in the amount of \$3,334.
2. Against the Road District Fund (2141), in favor of the Fire District Fund (2111), in the amount of \$4,663.

The fiscal officer should reference the Ohio Township and UAN manuals when posting to help ensure revenues are accurately reported in the accounting system.

Official's Response: Fund balance adjustments have been made in both of the cases where funds were credited to the wrong funds.

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Dave Yost • Auditor of State

UNITY TOWNSHIP

COLUMBIANA 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
OCTOBER 4, 2016