



Dave Yost • Auditor of State



**GREENFIELD TOWNSHIP  
GALLIA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Greenfield Township  
Gallia County  
5184 State Route 233  
Patriot, Ohio 45658

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 Greenfield Township, Gallia County, Ohio (the Township) as of and for the years ended December 31, 2016 and 2015.

### ***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 § 117.38 and Ohio Administrative Code § 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 2 of the 2016 financial statements and Note 1 of the 2015 financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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, 2016 and 2015, 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 Greenfield Township, Gallia County, Ohio as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2 of the 2016 financial statements and Note 1 of the 2015 financial statements.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2017, 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 28, 2017

**Greenfield Township***Gallia County, Ohio**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2016*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$16,129	\$6,842	\$22,971
Intergovernmental	22,405	98,702	121,107
Miscellaneous	14,208	5,810	20,018
<i>Total Cash Receipts</i>	<u>52,742</u>	<u>111,354</u>	<u>164,096</u>
<b>Cash Disbursements</b>			
Current:			
General Government	32,878	208	33,086
Public Safety	0	16,472	16,472
Public Works	0	93,785	93,785
Debt Service:			
Principal Retirement	5,250	2,750	8,000
Interest and Fiscal Charges	244	1,364	1,608
<i>Total Cash Disbursements</i>	<u>38,372</u>	<u>114,579</u>	<u>152,951</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,370</u>	<u>(3,225)</u>	<u>11,145</u>
<i>Fund Cash Balances, January 1</i>	<u>33,177</u>	<u>48,118</u>	<u>81,295</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	44,893	44,893
Unassigned (Deficit)	47,547	0	47,547
<i>Fund Cash Balances, December 31</i>	<u>\$47,547</u>	<u>\$44,893</u>	<u>\$92,440</u>

*See accompanying notes to the basic financial statements*

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**Greenfield Township**  
*Gallia County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Greenfield Township, Gallia 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, and fire protection services. The Township contracts with the Greenfield Township Volunteer Fire Department to provide fire services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 6 to the financial statements provide additional information for these entities.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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:

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

**Greenfield Township**  
*Gallia County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Fund Balance***

Fund balance is divided into two 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:

***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.

**Greenfield Township**  
*Gallia County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,489	\$52,742	\$9,253
Special Revenue	117,967	111,354	(6,613)
Total	\$161,456	\$164,096	\$2,640

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,721	\$38,372	\$43,349
Special Revenue	155,949	114,579	41,370
Total	\$237,670	\$152,951	\$84,719

**Note 4 – 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:

Demand deposits	2016 \$92,440
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**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Greenfield Township**  
*Gallia County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 5 – Property Taxes**

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.

**Note 6 - Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014 (the latest information available):

**Greenfield Township**  
*Gallia County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2016</u>	<u>2015</u>
\$6,480	\$6,390

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. 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, 2016.

**Greenfield Township**  
*Gallia County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 8 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
General Obligation Note	\$25,412	5.15%

The Township issued general obligation note to finance the purchase of a new dump truck, tractor and brush cutter for Township road maintenance.

***Amortization***

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

	General Obligation Notes
Year ending December 31:	
2017	\$6,707
2018	6,420
2019	6,133
2020	5,847
2021	3,488
Total	\$28,594

**Greenfield Township***Gallia County, Ohio**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2015*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$15,575	\$6,586	\$22,161
Intergovernmental	21,691	96,037	117,728
Miscellaneous	13,850	12,117	25,967
<i>Total Cash Receipts</i>	<u>51,116</u>	<u>114,740</u>	<u>165,856</u>
<b>Cash Disbursements</b>			
Current:			
General Government	42,997	111	43,108
Public Safety	0	13,577	13,577
Public Works	0	93,861	93,861
Debt Service:			
Principal Retirement	0	5,500	5,500
Interest and Fiscal Charges	0	1,912	1,912
<i>Total Cash Disbursements</i>	<u>42,997</u>	<u>114,961</u>	<u>157,958</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,119</u>	<u>(221)</u>	<u>7,898</u>
<i>Fund Cash Balances, January 1</i>	<u>25,058</u>	<u>48,339</u>	<u>73,397</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	48,118	48,118
Assigned	33,177	0	33,177
<i>Fund Cash Balances, December 31</i>	<u>\$33,177</u>	<u>\$48,118</u>	<u>\$81,295</u>

*See accompanying notes to the basic financial statements*

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**GREENFIELD TOWNSHIP  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**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 Greenfield Township, Gallia 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, and fire protection. The Township contracts with the Greenfield Township Volunteer Fire Department to provide fire services.

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

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**C. Deposits and Investments**

All cash assets are maintained in interest bearing checking accounts. The Township had no investments.

**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 Fund:

**GREENFIELD TOWNSHIP  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(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.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into two 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. 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.

**2. 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.

**GREENFIELD TOWNSHIP  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

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

**F. Fund Balance**

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. EQUITY IN POOLED DEPOSITS**

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:

	2015
Demand deposits	\$81,295

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,474	\$51,116	\$1,642
Special Revenue	109,618	114,740	5,122
Total	\$159,092	\$165,856	\$6,764

**GREENFIELD TOWNSHIP  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,059	\$42,997	\$25,062
Special Revenue	175,249	114,961	60,288
Total	\$243,308	\$157,958	\$85,350

**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. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
General Obligation Note	\$33,412	5.15%

The Township issued a general obligation note in 2012 to finance the purchase of a new dump truck and a tractor for Township road maintenance.

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

		Year Ending December 31:	Obligation Note		
		2016	\$7,129		
		2017	6,837		
		2018	6,550		
		2019	6,263		
		2020	5,978		
		2021-2022	5,691		
		Total	\$38,448		

**GREENFIELD TOWNSHIP  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**6. RETIREMENT SYSTEM**

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

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

**7. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

**GREENFIELD TOWNSHIP  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<b><u>Contributions to OTARMA</u></b>	
<b><u>2015</u></b>	<b><u>2014</u></b>
6,390	6,557

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



# Dave Yost • Auditor of State

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

Greenfield Township  
Gallia County  
5184 State Route 233  
Patriot, Ohio 45658

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 cash balances, receipts, and disbursements by fund type of Greenfield Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated April 28, 2017 wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2016-004 and 2016-005 to be material weaknesses.

***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 2016-001 through 2016-004.

***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 28, 2017



**GREENFIELD TOWNSHIP  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Noncompliance**

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

Township had a promissory note during the audit period originating in 2012 in the amount of \$55,412, with principal outstanding in the amount of \$25,412 at December 31, 2016, that did not meet the requirements of Ohio Rev. Code § 133.20, in that it was a simple bank loan that granted a security interest in the property purchased.

The Board of Trustees should authorize only the issuance of notes pursuant to Ohio Rev. Code § 133.20.

**Officials' Response:** Finding has not been corrected as the loan is still in existence. However, additional principle payments approved by the Board are being made annually. This finding has been discussed among the Board and any future notes will comply with applicable statutes.

**FINDING NUMBER 2016-002**

**Noncompliance**

Ohio Rev. Code § 507.09(E) states a township fiscal officer may be compensated from the township general fund or from other township funds based on the proportion of time the township fiscal officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services related to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services performed.

During 2015, the Fiscal Officer did not have payroll certifications on file for January through August and was paid from the General Fund (35%), Motor Vehicle License Fund (25%), and Gasoline Tax Fund (40%). The Fiscal Officer did not follow the certification requirements of Ohio Rev. Code § 505.24(C). Therefore, the Fiscal Officer's salary should have only been paid from the General Fund and resulted in adjustments of \$1,945 from the MVL Fund and \$3,112 from the Gasoline Tax Fund.

During 2016, the Fiscal Officer completed the monthly payroll certifications. However, 100% of payroll certifications were signed within the pay period on the same date the checks were written, meaning they were signed and paid before all work was actually performed in that pay period.

This could result in overpayment if the Fiscal Officer would leave during the month of the pay period without completing all duties as paid for.

**GREENFIELD TOWNSHIP  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-002 (Continued)**

**Noncompliance (Continued)**

The Township officials should review Auditor of State Bulletin 2011-007 and adopt formal administrative procedures regarding completion of the required certifications when compensated from funds other than the General Fund. The certifications should be completed and signed after the pay period ends and represent actual percentages of time spent on various duties. Once these administrative procedures are established, Fiscal Officer salaries and related benefits should be charged to the actual funds in accordance with the signed certifications of payroll.

**Officials' Response:** Adjustments for the stated Fiscal Officer's 2015 salaries have been corrected in the UAN system and an amended certificate has been prepared to be submitted to the County Budget Commission to reflect adjustments. Payroll certifications for current Fiscal Officer has been addressed with the Board and corrected accordingly to reflect the actual work completed prior to receiving compensation.

**FINDING NUMBER 2016-003**

**Noncompliance**

Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official certificate.

Appropriations exceeded estimated resources at December 31, 2015, in the Gas Tax Fund in the amount of \$9,385 and in the Fire Levy Fund in the amount of \$7,897. This could result in overspending of available resources.

The Fiscal Officer should monitor the approved appropriations to ensure they do not exceed the estimated resources on the amended certificates.

**Officials' Response:** Appropriations & Estimated Resources posted in this finding were outside the current Fiscal Officer's control. All appropriations for FY17 do not exceed the estimated resources and are reflected in the current annual appropriation resolution and budget of estimated resources.

**FINDING NUMBER 2016-004**

**Noncompliance and Material Weakness**

Ohio Admin. Code § 117-2-02(C)(1) provides that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2015, estimated receipts as approved by the Budget Commission did not agree to the Township's accounting system. The variances and funds are as follows:

**GREENFIELD TOWNSHIP  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

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

**FINDING NUMBER 2016-004 (Continued)**

**Noncompliance and Material Weakness (Continued)**

	Approved	UAN system	Variance
Gasoline Tax Fund	\$ 86,615	\$ 96,000	\$ (9,385)
Fire Levy Fund	14,603	25,995	\$ (11,392)

At December 31, 2015, approved appropriations did not agree to the Township's accounting system as follows:

	Approved	UAN system	Variance
General Fund	\$ 68,059	\$ 74,532	\$ (6,473)
Fire Levy Fund	26,631	30,126	\$ (3,495)

Due to budgetary information being improperly entered into the system, the management of the Township lost some degree of budgetary control. An adjustment was made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as approved by the Budget Commission and appropriations approved by the Board of Trustees.

The Fiscal Officer should accurately post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Board, only after receiving approval. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**Officials' Response:** Unable to respond to this finding as it was outside the current Fiscal Officer's control.

**FINDING NUMBER 2016-005**

**Material Weakness**

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 following errors were noted in the financial statements that required audit adjustment or reclassification:

2015:

- The Township incorrectly posted Real Estate Rollback at net in the General Fund as Taxes in the net amount of \$2,097 instead of Intergovernmental in the gross amount of \$2,147 and General Government disbursement of \$50.
- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.176 require reporting amounts as assigned when subsequent appropriations exceed estimated receipts. The Township incorrectly reported the assigned portion of the General Fund's cash fund balance as unassigned, in the amount of \$38,234.
- The Township incorrectly posted payroll and payroll withholdings in the General Fund as Public Safety instead of General Government in the amount of \$3,654.

**GREENFIELD TOWNSHIP  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-005 (Continued)**

**Material Weakness (Continued)**

- The Township incorrectly posted payroll and payroll withholdings for the Fiscal Officer in the MVL and Gas Tax Funds in Human Services in the amount of \$1,945 and \$3,112, respectively instead of General Fund as General Government.
- The Township incorrectly posted various payments in the Gas Tax Fund as Capital Outlay instead of Public Works in the amount of \$3,689.
- The Township incorrectly posted payroll and payroll withholdings in the Gas Tax fund as Human Services instead of Public Works in the amount of \$1,698.
- The Township incorrectly posted payroll and payroll withholdings in the MVL Fund as Human Services instead of Public Works in the amount of \$1,061.
- The Township incorrectly posted principal and interest in the Gas Tax Fund as Public works instead of Principal in the amount of \$5,500 and interest in the amount of \$1,912.
- The Township deposited a Gasoline Tax check in the amount of \$4,879 in 2015 but didn't post it to the computer system until 2016.

2016:

- The Township incorrectly posted principal and interest in the General Fund as General Government instead of Principal in the amount of \$5,250 and Interest in the amount of \$244.
- The Township incorrectly posted Real Estate Rollback at net amount of \$2,071 in the General Fund as Taxes instead of Intergovernmental in the gross amount of \$2,098 and General Government in the amount of \$27.
- The Township incorrectly posted the County Commission grant in the General Fund as Miscellaneous instead of Intergovernmental in the amount of \$4,000.
- The Township incorrectly posted payroll and withholdings in the General Fund as public Safety instead of General Government in the amount of \$3,318.
- The Township incorrectly posted principal and interest in the Gas Tax Fund as Public Works instead of Principal in the amount of \$2,750 and Interest in the amount of \$1,096.
- The Township incorrectly posted Interest in the MVL Fund as Public Works instead of Interest in the amount of \$268.
- The Township incorrectly posted the Fire Marshall Grant and Wildfire Suppression in the Fire Fund as Miscellaneous instead of Intergovernmental in the amount of \$10,760.
- The Township incorrectly posted payroll and withholdings in the MVL Fund as Human Services instead of Public Works in the amount of \$2,555.
- The Township incorrectly posted payroll and withholdings in the Gas Tax Fund as Human Services instead of Public Works in the amount of \$4,088.

The audited financial statements and the Township's UAN accounting system have been adjusted for the errors noted above.

The Fiscal Officer should review the Township handbook for guidance on the correct line items to post various receipts and disbursements to ensure the financial statements are complete and accurate. The Fiscal Officer should also review Auditor of State Bulletin 2011-004 for Statement No. 54 of the Governmental Accounting Standards Board (GASB) for proper reporting of fund balances on the financial statements [see GASB Cod. 1800.165].

**GREENFIELD TOWNSHIP  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-005 (Continued)**

**Material Weakness (Continued)**

**Officials' Response:** Accounting line items for intergovernmental funds were created when the FY17 revenue and appropriation budget were established. Budget revenue and expenditure postings are being closely monitored.

**GREENFIELD TOWNSHIP  
GALLIA COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	Ohio Rev. Code 505.262(A) for promissory note	Not Corrected	Discussion has been made among Board and any future notes will be compliant with applicable statutes.
2014-002	Ohio Rev. Code 5705.40 appropriations in system exceeding appropriations approved	Corrected	Any additional revenue above estimated resources and such appropriations are approved by the board. Amended Certificates are completed to reflect any changes and are approved by the board and the County Auditor.
2014-003	Ohio Rev. Code 5705.41(B) expenditures exceeding appropriations	Corrected	Appropriations and amended certificates are approved of any additional resources prior to any expenditures of said resources.
2014-004	Material Weakness for misposting of revenues and expenditures	Not Corrected	Revenue budget accounting line item has been established for intergovernmental funds. Disbursements are closely monitored within each fund accordingly.



# Dave Yost • Auditor of State

**GREENFIELD TOWNSHIP**

**GALLIA 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  
MAY 11, 2017**