



OHIO AUDITOR OF STATE
KEITH FABER



**YORK TOWNSHIP
FULTON COUNTY
DECEMBER 31, 2018 and 2017**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Government Fund Types – For the Year Ended December 31, 2018	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types – For the Year Ended December 31, 2018	4
Notes to the Financial Statements – For the Year Ended December 31, 2018	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Government Fund Types – For the Year Ended December 31, 2017	12
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types – For the Year Ended December 31, 2017	13
Notes to the Financial Statements – For the Year Ended December 31, 2017	14
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Schedule of Findings.....	23
Prepared by Management:	
Summary Schedule of Prior Audit Findings	25

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

York Township
Fulton County
6955 County Road FG
P.O. Box 248
Delta, Ohio 43515-9328

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 York Township, Fulton County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017.

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 such 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 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

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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, 2018 and 2017, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of York Township, Fulton County, Ohio as of December 31, 2018 and 2017, 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 2.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2017, the Township changed its accounting for the activity of the internal service fund to be properly reported in the General Fund. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

July 1, 2019

York Township
Fulton 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, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$93,526	\$197,577		\$291,103
Charges for Services		813,865		813,865
Licenses, Permits and Fees		6,059		6,059
Intergovernmental	44,390	140,699	\$285,715	470,804
Earnings on Investments	10,608	2,359		12,967
Miscellaneous	65,209	31,386		96,595
<i>Total Cash Receipts</i>	<u>213,733</u>	<u>1,191,945</u>	<u>285,715</u>	<u>1,691,393</u>
Cash Disbursements				
Current:				
General Government	195,457			195,457
Public Safety		917,397	285,715	1,203,112
Public Works		284,740		284,740
Health		2,029		2,029
Other		1,973		1,973
Capital Outlay	720	117,520		118,240
<i>Total Cash Disbursements</i>	<u>196,177</u>	<u>1,323,659</u>	<u>285,715</u>	<u>1,805,551</u>
<i>Net Change in Fund Cash Balances</i>	17,556	(131,714)		(114,158)
<i>Fund Cash Balances, January 1</i>	<u>11,657</u>	<u>806,063</u>	<u>10,000</u>	<u>827,720</u>
Fund Cash Balances, December 31				
Restricted		304,376	10,000	314,376
Committed		369,973		369,973
Assigned	29,213			29,213
<i>Fund Cash Balances, December 31</i>	<u>\$29,213</u>	<u>\$674,349</u>	<u>\$10,000</u>	<u>\$713,562</u>

See accompanying notes to the basic financial statements

York Township
Fulton County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2018

	<u>Fiduciary Fund Types</u>		<u>Totals</u>
	<u>Private Purpose Trust</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts			
Earnings on Investments	\$3		\$3
Miscellaneous		\$1,250	1,250
<i>Total Operating Cash Receipts</i>	<u>3</u>	<u>1,250</u>	<u>1,253</u>
Non-Operating Disbursements			
Other Financing Uses		(776)	(776)
<i>Net Change in Fund Cash Balances</i>	3	474	477
<i>Fund Cash Balances, January 1</i>	<u>1,984</u>		<u>1,984</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,987</u></u>	<u><u>\$474</u></u>	<u><u>\$2,461</u></u>

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

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of York Township, Fulton County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority, a public entity risk pool. 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Township uses fund accounting 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 Fund:

Emergency Medical Service- (EMS) Fund – This fund receives revenues from Fulton County based on a contractual agreement executed for the provision of emergency medical services

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

Fire Grant Fund – The Township received a grant from FEMA to purchase a fire truck equipment for its fire department.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township’s own programs.

The Township’s private purpose trust fund is for the benefit of certain individuals and are bequests that provide for cemetery maintenance and flowers.

Agency Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township’s agency fund account is for Flexible Savings Accounts.

Basis of Accounting

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.

Budgetary Process

The Ohio Revised Code requires that each fund (except agency funds) 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 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Township’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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

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.

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.

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.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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, 2018 follows:

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$203,360	\$213,733	\$10,373
Special Revenue	1,492,391	1,191,945	(300,446)
Capital Projects	285,715	285,715	
Fiduciary	14	3	(11)
Total	\$1,981,480	\$1,691,396	(\$290,084)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$210,505	\$196,177	\$14,328
Special Revenue	2,230,655	1,323,659	906,996
Capital Projects	285,715	285,715	
Total	\$2,726,875	\$1,805,551	\$921,324

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:

	2018
Demand Deposits	\$201,402
STAR Plus	514,621
Total deposits	\$716,023

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 5 – Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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, 2017, 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, 2017. (the latest information available)

	2017
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township’s share of these unpaid claims collectible in future years is approximately \$10,000.

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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.

2018 Contributions to OTARMA
\$23,334

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a costsharing, 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, 2018.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

One full-time firefighter participates in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The Ohio Revised Code (ORC) also prescribes contribution rates. OPF members contributed 12.25% of their gross salaries and the Township contributed an amount equaling 24%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Social Security

Several township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Both OPERS and OPF offer a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses

Note 9 – Miscellaneous Receipts

General fund miscellaneous receipts primarily consisted of donations received in lieu of tax payments, EMS run reimbursements and rebates received from Ohio Workmen Compensation.

Note 10 – Compliance

Contrary to Ohio Rev. Code §5705.10(D) the Township recorded the proceeds from a FEMA grant in the Fire fund when they should have been recorded in a separate Fire Grant Fund.

York Township
Fulton 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, 2017

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$92,741	\$199,654		\$292,395
Charges for Services		750,522		750,522
Licenses, Permits and Fees		2,501		2,501
Intergovernmental	45,629	139,963		185,592
Earnings on Investments	3,203	590		3,793
Miscellaneous	54,640	18,400		73,040
<i>Total Cash Receipts</i>	<u>196,213</u>	<u>1,111,630</u>		<u>1,307,843</u>
Cash Disbursements				
Current:				
General Government	217,067			217,067
Public Safety		819,773		819,773
Public Works		237,413		237,413
Health		1,050		1,050
Other		1,975		1,975
Capital Outlay		147,981		147,981
<i>Total Cash Disbursements</i>	<u>217,067</u>	<u>1,208,192</u>		<u>1,425,259</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(20,854)</u>	<u>(96,562)</u>		<u>(117,416)</u>
Other Financing Receipts				
Sale of Capital Assets			\$7,500	7,500
<i>Net Change in Fund Cash Balances</i>	(20,854)	(96,562)	7,500	(109,916)
<i>Fund Cash Balances, January 1</i>	<u>32,511</u>	<u>902,625</u>	<u>2,500</u>	<u>937,636</u>
Fund Cash Balances, December 31				
Restricted		404,302	10,000	414,302
Committed		401,761		401,761
Assigned	7,145			7,145
Unassigned	4,512			4,512
<i>Fund Cash Balances, December 31</i>	<u>\$11,657</u>	<u>\$806,063</u>	<u>\$10,000</u>	<u>\$827,720</u>

See accompanying notes to the basic financial statements

York Township
 Fulton County, Ohio
 Combined Statement of Receipts, Disbursements
 and Changes in Fund Balances (Regulatory Cash Basis)
 All Fiduciary Fund Types
 For the Year Ended December 31, 2017

	Fiduciary Fund Types
	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	\$17
<i>Net Change in Fund Cash Balances</i>	17
<i>Fund Cash Balances, January 1</i>	1,967
<i>Fund Cash Balances, December 31</i>	\$1,984

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

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of York Township, Fulton County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority, 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Township uses fund accounting 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 Fund:

Emergency Medical Service (EMS) Fund – This fund receives revenues from Fulton County based on a contractual agreement executed for the provision of emergency medical services.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

EMS Grant Fund – The Township received a grant from the State of Ohio to purchase equipment for its emergency medical service.

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds are for the benefit of certain individuals and are bequests that provide for cemetery maintenance and flowers.

Basis of Accounting

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.

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 2017 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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

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.

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.

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.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 3 – Accounting Change

In 2017, the Township restated fund balances to properly report the activity of the Internal Service fund in the General fund. The restatement had the following effects of fund balances:

	General Fund	Internal Service Fund
Fund Balance as previously reported	\$31,401	\$1,110
Change in Accounting	1,110	(1,110)
Restated Fund Balance at 1/1/2017	\$32,511	

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
General	\$210,782	\$196,213	(\$14,569)
Special Revenue	1,432,338	1,111,630	(320,708)
Capital Projects	7,500	7,500	
Fiduciary		17	17
Total	\$1,650,620	\$1,315,360	(\$335,260)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$241,409	\$217,067	\$24,342
Special Revenue	1,987,000	1,208,192	778,808
Total	\$2,228,409	\$1,425,259	\$803,150

Note 5 – Deposits and Investments

The Township maintains a deposit 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:

	2017
Demand Deposits	\$323,678
Star Plus	504,657
Total deposits	828,335
STAR Ohio	1,369
Total deposits and investments	\$829,704

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Deposits

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

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 6 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 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, 2017, 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.

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

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, 2017.

	2017
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township’s share of these unpaid claims collectible in future years is approximately \$10,000.

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.

2017 Contributions to OTARMA
\$21,645

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a costsharing, 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, 2017.

York Township
Fulton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

One full-time firefighter participates in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The Ohio Revised Code (ORC) also prescribes contribution rates. OPF members contributed 12.25% of their gross salaries and the Township contributed an amount equaling 24%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Social Security

Several township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Both OPERS and OPF offer a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OPF contributes 0.5 percent to fund these benefits.

Note 9 – Miscellaneous Receipts

General fund miscellaneous receipts primarily consisted of donations received in lieu of tax payments, EMS run reimbursements and rebates received from Ohio Workmen Compensation.

Note 10 – Compliance

Contrary to Ohio Rev. Code §5705.10(F) the Township recorded the proceeds the sale of a capital asset in the General Fund when they should have been recorded in a Capital Projects Fund.

OHIO AUDITOR OF STATE KEITH FABER



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Toledo, Ohio 43604-2246
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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

York Township
Fulton County
6955 County Road FG
P.O. Box 248
Delta, Ohio 43515-9328

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 York Township, Fulton County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated July 1, 2019, 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 the Township changed its accounting for the activity of the Internal Service Fund in 2017.

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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 through 2018-003 to be material weaknesses.

Efficient • Effective • Transparent

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 2018-002 and 2018-003.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

July 1, 2019

YORK TOWNSHIP
FULTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified for the fiscal years ended December 31, 2018 and 2017:

- In 2018, the General fund had appropriations of \$203,360 which exceeded estimated revenues of \$210,505 by \$7,145. In 2019, the General fund had appropriations of \$216,376 which exceeded estimated revenues of \$180,243 by \$36,133. At December 31, 2017 and December 31, 2018, respectively, \$7,145 and the ending fund balance of \$29,213 should have been recorded as an assignment of fund balance in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 54, codified as GASB Cod. 1800.176.
- The Fiscal Officer recorded EMS contract revenue amounts of \$598,210, received from Fulton County in 2018 and 2017 and Fire Assistance Grant monies of \$10,000 received from the Ohio Department of Commerce as miscellaneous receipts. According to the Ohio Township Handbook, the EMS contract amounts should have been recorded as charges for services and the Fire Assistance Grant should have been recorded as intergovernmental receipts.
- Amounts withheld from employees in 2018 for Flexible Spending Account benefit in the amount of \$474 were recorded in the General Fund. According to the Ohio Township Handbook, these amounts should have been recorded as an agency fund.

The Fiscal Officer was unaware of these classifications. These errors were not identified and corrected prior to the Township preparing its financial statements. Adjustments were recorded to correct these errors in the accompanying financial statements. Failing to prepare accurate financial statements could lead to management making misinformed decisions. Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

To help improve awareness of financial statement classification and reporting issues, the Fiscal Officer can reference account code listings in the Ohio Township handbook which is available at following website address <http://www.ohioauditor.gov/publications/TownshipHandbook%202-27-19.pdf>. In addition, bulletins issued by the Auditor of State regarding fund balance classifications and Governmental Accounting Standards Board Statement No. 54 can be accessed at the following website address: <http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>.

FINDING NUMBER 2018-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part 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, shall be paid into a special fund for such purpose.

The Township inappropriately recorded \$285,715 of FEMA grant receipts and disbursements in the Fire Fund in 2018. Given the source of the revenue, this should have been recorded in a separate Fire Grant Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

FINDING NUMBER 2018-003

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(F) requires revenue received from the sale of a permanent improvement to be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements. **Ohio Rev. Code § 5705.01(E)** defines "permanent improvement" or "improvement" to mean any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more.

In 2017, the Township inappropriately recorded \$7,500 from the sale of a firetruck and firetruck equipment in the General Fund. Given the source of the revenue, this should have been recorded in the Capital Project Fund. An audit adjustment is reflected in the financial statements and in the accounting records correcting the 2017 misstatement. An additional error was noted in a smaller relative amount for 2018 that was also corrected by the Township.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The District should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

**YORK TOWNSHIP
 FULTON COUNTY
 6955 COUNTY ROAD FG
 DELTA, OHIO 43515**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Significant Deficiency and noncompliance with Ohio Rev. Code § 5705.10(C) for special levy amounts credited to incorrect fund.	Fully Corrected.	
2016-002	Material Weakness regarding fund balance classification errors.	Not corrected and repeated as finding 2018-001 in this report.	An additional error occurred which was not detected. Management is aware and understands the importance of the information presented on the financial statements and will ensure revenues will be accurately identified and reported.

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OHIO AUDITOR OF STATE KEITH FABER



YORK TOWNSHIP

FULTON 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
JULY 18, 2019**