



Dave Yost • Auditor of State

**PULTNEY TOWNSHIP
BELMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Pultney Township
Belmont County
56420 High Ridge Road
Bellaire, Ohio 43906-9769

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Pultney Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012.

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 adverse and qualified opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 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, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, or changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

Ohio Rev. Code § 505.24(C) summarizes the requirements regarding certifications by each official of the percentage of time spent working on matters that are to be paid from funds other than the general fund. Auditor of State Bulletin 2013-002 further states attendance at board meetings and other activities supporting the general business of the township must be allocated to the general fund; therefore, the allocation of 100 percent of an official's compensation to funds other than the general fund is not permitted under Ohio law. In 2013 and 2012, the Township charged the Trustees' salaries to funds other than the General Fund and did not maintain payroll certification forms to justify the allocation of salaries. In 2013, the total unsupported salaries were charged 100% to the Gasoline Tax Fund in the amount of \$27,012. In 2012, the total unsupported salaries were charged 25% to the Road and Bridge Fund in the amount of \$6,753. A Finding for Adjustment was issued for noncompliance with these requirements against the General Fund and have not been adjusted to the Township's financial statements or accounting records. Also, Ohio Rev. Code § 505.11(B) states the consideration for the contracts and leases to mine gas and other minerals upon lands owned by the township shall be rental or royalty as is prescribed by the board, and shall be payable, as prescribed in the contract or lease, at least once a year to the Fiscal Officer, who shall give a receipt for the amount and deposit it in the Township General Fund. In 2012, the Township entered into an oil and gas lease and received a bonus check of \$20,295, which was posted to the Road and Bridge Fund. A Finding for Adjustment was issued for noncompliance with this requirement against the Road and Bridge Fund and has not been adjusted to the Township's financial statements or accounting records.

Had the above adjustments been posted, the result would have been a decrease in the fund balance of the General Fund in the aggregate amount of \$13,470, a decrease in the fund balance of the Road and Bridge Fund in the aggregate amount of \$13,542, and an increase in the fund balance of the Gasoline Tax Fund in the amount of \$27,012.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Pultney Township, Belmont County, Ohio, as of December 31, 2013 and 2012, 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2015, 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

January 23, 2015

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**PULTNEY TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$8,582	\$252,107		\$260,689
Intergovernmental	35,383	178,320		213,703
Earnings on Investments			\$1,323	1,323
Miscellaneous	3,294	2,221		5,515
<i>Total Cash Receipts</i>	<u>47,259</u>	<u>432,648</u>	<u>1,323</u>	<u>481,230</u>
Cash Disbursements				
Current:				
General Government	49,078	109,207		158,285
Public Safety		73,858		73,858
Public Works		221,288		221,288
Health	16,303			16,303
Capital Outlay		13,800		13,800
Debt Service:				
Principal Retirement		4,500		4,500
Interest and Fiscal Charges		1,660		1,660
<i>Total Cash Disbursements</i>	<u>65,381</u>	<u>424,313</u>	<u>0</u>	<u>489,694</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(18,122)</u>	<u>8,335</u>	<u>1,323</u>	<u>(8,464)</u>
<i>Fund Cash Balances, January 1</i>	<u>25,979</u>	<u>101,808</u>	<u>45,108</u>	<u>172,895</u>
Fund Cash Balances, December 31				
Nonspendable			200	200
Restricted		110,143	46,231	156,374
Unassigned (Deficit)	7,857			7,857
<i>Fund Cash Balances, December 31</i>	<u>\$7,857</u>	<u>\$110,143</u>	<u>\$46,431</u>	<u>\$164,431</u>

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

PULTNEY TOWNSHIP
BELMONT COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Fiduciary Fund</u>
	<u>Agency</u>
Operating Cash Receipts	<u>\$0</u>
Operating Cash Disbursements	<u>0</u>
Net Change in Fund Cash Balances	0
Fund Cash Balances, January 1	<u>1,085</u>
Fund Cash Balances, December 31	<u><u>\$1,085</u></u>

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

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$8,614	\$234,453		\$243,067
Intergovernmental	145,140	142,807		287,947
Earnings on Investments	25	6	\$1,310	1,341
Miscellaneous	5,161	21,885		27,046
<i>Total Cash Receipts</i>	<u>158,940</u>	<u>399,151</u>	<u>1,310</u>	<u>559,401</u>
Cash Disbursements				
Current:				
General Government	107,742	83,474		191,216
Public Safety		64,000		64,000
Public Works	15,269	214,177		229,446
Health	16,212			16,212
Capital Outlay		22,591		22,591
Debt Service:				
Principal Retirement	56,527	9,753		66,280
Interest and Fiscal Charges	284	3,902		4,186
<i>Total Cash Disbursements</i>	<u>196,034</u>	<u>397,897</u>	<u>0</u>	<u>593,931</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(37,094)</u>	<u>1,254</u>	<u>1,310</u>	<u>(34,530)</u>
Other Financing Receipts (Disbursements)				
Transfers In		10,000		10,000
Transfers Out	(10,000)			(10,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(10,000)</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(47,094)</u>	<u>11,254</u>	<u>1,310</u>	<u>(34,530)</u>
<i>Fund Cash Balances, January 1</i>	<u>73,073</u>	<u>90,554</u>	<u>43,798</u>	<u>207,425</u>
Fund Cash Balances, December 31				
Nonspendable			200	200
Restricted		101,808	44,908	146,716
Unassigned (Deficit)	25,979			25,979
<i>Fund Cash Balances, December 31</i>	<u>\$25,979</u>	<u>\$101,808</u>	<u>\$45,108</u>	<u>\$172,895</u>

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

PULTNEY TOWNSHIP
BELMONT COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Fiduciary Fund</u>
	<u>Agency</u>
Operating Cash Disbursements	
Other	<u>\$1,828</u>
Total Operating Cash Disbursements	<u>1,828</u>
Operating (Loss)	<u>(1,828)</u>
Non-Operating Receipts	
Miscellaneous Receipts	<u>2,913</u>
Total Non-Operating Receipts	<u>2,913</u>
Net Change in Fund Cash Balances	1,085
Fund Cash Balances, January 1	<u>0</u>
Fund Cash Balances, December 31	<u><u>\$1,085</u></u>

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

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Pultney Township, Belmont County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Neffs and Spirit of 76 Volunteer Fire Departments to provide fire and ambulance services.

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

B. Accounting Basis

These financial statements follow the accounting basis 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

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

The Township values common stock at fair value when donated.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

Fire Levy Fund - This fund receives property tax money to provide fire protection to Township residents.

3. Permanent Funds

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

Cemetery Bequest Fund - The Township receives interest used for the permanent care and decoration of graves of the cemeteries.

4. Fiduciary Funds

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 accounts for a grant received for the Spirit of 76 Volunteer Fire Department.

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.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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 re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources.

The classifications are as follows:

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

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

	2013	2012
Demand deposits	\$148,541	\$156,915
Other time deposits (savings account)	14,995	14,995
Total deposits	163,536	171,910
Common stock (At fair value at the time of donation)	1,980	1,980
Total deposits and investments	\$165,516	\$173,890

2. Equity in Pooled Deposits and Investments (Continued)

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

Investments: CSX stock is held in certificate form in the custody of the Township. The fair market value of the stock at December 31, 2013 and 2012 was \$68,358 and \$7,813, respectively.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012, follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$47,259	\$47,259
Special Revenue	12,228	432,648	420,420
Permanent	0	1,323	1,323
Total	\$12,228	\$481,230	\$469,002

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$67,901	\$65,381	\$2,520
Special Revenue	475,290	424,313	50,977
Permanent	45,738	0	45,738
Total	\$588,929	\$489,694	\$99,235

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$158,925	\$158,940	\$15
Special Revenue	401,758	409,151	7,393
Permanent	651	1,310	659
Fiduciary	2,913	2,913	0
Total	\$564,247	\$572,314	\$8,067

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$236,028	\$206,034	\$29,994
Special Revenue	476,984	397,897	79,087
Permanent	44,448	44,448	44,448
Fiduciary	2,913	1,828	1,085
Total	\$760,373	\$605,759	\$154,614

Contrary to Ohio law, appropriations exceeded estimated resources by \$67,901, \$21,871, and \$152,799, in the General, Motor Vehicle License Tax, and Road and Bridge Funds, respectively, as of December 31, 2013.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Property Tax (Continued)

Public utilities are also taxed on personal and real property located within the Township.

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

5. Debt

Debt outstanding at December 31, 2013, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$37,000	4%

The Township issued general obligation bonds in the amount of \$50,000 to finance the purchase of a dump truck and plowing equipment for Township road maintenance. The Township's taxing authority collateralized the bonds.

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

Year ending December 31:	General Obligation Bonds
2014	\$6,180
2015	6,192
2016	6,096
2017	6,196
2018	6,184
2019-2020	12,300
Total	\$43,148

6. Retirement System

The Township's employees and elected officials 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 includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, 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, 2013.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance coverage to elected officials and full-time employees through a private carrier.

8. Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

9. Financial Difficulties

The Township's General Fund would carry a negative cash balance if the proposed audit adjustment amounts in Finding Number 2013-001 were posted. The Township will make arrangements to post the adjustment as the General Fund cash fund balance increases. The Township has no formal plans for increasing the revenue stream of the General Fund but will start to monitor all expenditures of the General Fund.

10. Subsequent Events

A. Tax Levy

The Township passed a levy for roads and bridges in the November 2014 election. The levy was a replacement and increase levy for 4 mills for 5 years.

B. Oil/Gas Lease

The Township entered into a "Paid-Up" Oil and Gas Lease. The lease is for 2.45 acres of property owned by the Township and is effective February 10, 2014, for a five year period with Paloma Partners III, LLC. The Township received a bonus payment of \$17,150 on June 26, 2014.

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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

Pultney Township
Belmont County
56420 High Ridge Road
Bellaire, Ohio 43906-9769

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 Pultney Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated January 23, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also qualified our opinion due to a finding for adjustment totaling \$33,765 for violations of Ohio Rev. Code § 505.24(C) and a finding for adjustment in the amount of \$20,295 for a violation of Ohio Rev. Code § 505.11(B). Had the adjustments been posted, the result would have been a decrease in the fund balance of the General Fund in the aggregate amount of \$13,470, a decrease in the fund balance of the Road and Bridge Fund in the aggregate amount of \$13,542, and an increase in the fund balance of the Gasoline Tax Fund in the amount of \$27,012.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-005 through 2013-007 described in the accompanying Schedule of Findings 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 2013-001 through 2013-004.

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

January 23, 2015

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Finding for Adjustment

Ohio Rev. Code § 505.11(B) states, in part, that the Board of Township Trustees may execute and deliver contracts or leases to mine iron ore, stone, coal, petroleum, gas, salt, and other minerals upon lands owned by the township, to any person complying with the terms prescribed by the board as to consideration, rights of way, and occupancy of ground for necessary purposes. The consideration for the contracts and leases shall be rental or royalty as is prescribed by the board, and shall be payable, as prescribed in the contract or lease, at least once a year to the Fiscal Officer, who shall give a receipt for the amount and deposit it in the General Fund.

The Township entered into an oil and gas lease with XTO Energy, Inc., on March 26, 2012 and received a bonus check of \$20,295, which was posted to the Road and Bridge Fund. The oil and gas check should have been posted to the General Fund. This amount has not been adjusted to the Township's financial statements or accounting records.

In accordance with the foregoing facts, we hereby issue a finding for adjustment against the Road and Bridge Fund for \$20,295 in favor of the General Fund.

We recommend the Township post all revenue received from oil and gas leases to the General Fund.

Officials' Response: Board fiscal officer unaware at the time that the deposit must be made to the General Fund. Corrections made to deposit any future oil and gas leases / revenue to the General Fund.

FINDING NUMBER 2013-002

Finding for Adjustment

Ohio Rev. Code § 505.24(C) states, in part, by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

Auditor of State Bulletin 2013-002 provides guidance on the requirements of Ohio Rev. Code § 505.24(C) and indicates that attendance at board meetings and other activities supporting the general business of the township must be allocated to the general fund; therefore, the allocation of 100 percent of an official's compensation to funds other than the general fund is not permitted under Ohio law.

In 2013 and 2012, the Township charged the Trustees' salaries to funds other than the General Fund and did not maintain payroll certification forms to justify the allocation of salaries nor did the Township provide any other documentation to support the allocations. In 2013, the total unsupported salaries were charged 100% to the Gasoline Tax Fund in the amount of \$27,012. In 2012, the total unsupported salaries were charged 25% to the Road and Bridge Fund in the amount of \$6,753.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

FINDING NUMBER 2013-002 (Continued)

Finding for Adjustment - Ohio Rev. Code § 505.24(C) (Continued)

These amounts are against the General Fund and have not been adjusted to the Township's financial statements or accounting records.

In accordance with the foregoing facts, we hereby issue a finding for adjustment against the General Fund for \$33,765 in favor of the Road and Bridge and Gasoline Tax Funds for \$6,753 and \$27,012, respectively.

We recommend the Township implement procedures to ensure that payroll certification forms are completed by the Trustees for each pay period allocating the funds from which their salaries will be paid.

Officials' Response: Payroll Certification forms are presently being used. Board and fiscal officer making efforts to pay portions of payroll according to services provided through the various funds.

FINDING NUMBER 2013-003

Noncompliance

Ohio Rev. Code § 5705.39 states, in part, that the total appropriation from each fund should not exceed the total estimated resources. No appropriation measure is to become effective until the County Auditor files with the appropriating authority a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

As of December 31, 2013, appropriations exceeded estimated resources in the following funds:

Fund	Estimated Resources	Appropriations	Variance
General	\$0	\$67,901	(\$67,901)
Motor Vehicle License Tax	0	21,871	(21,871)
Road and Bridge	0	152,799	(152,799)

The Township did not submit the 2012 year end balances to the County Auditor to be certified. Therefore, the Township was not issued an original Amended Certificate for 2013 and budgeted amounts were not entered into the Township's ledgers.

We recommend the Township ensure that the year end balances are submitted to the County Auditor's Office timely so an original amended certificate can be issued, and budgeted amounts can then be accurately entered in the Township's ledgers. The Township should then be able to monitor appropriations and estimated resources and if necessary, file amendments, with the County Auditor to ensure that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. This will help to reduce the risk of disbursements exceeding actual revenues available and will add a measure of control over the Township's budgetary process.

Officials' Response: Plan is in place to monitor revenue and appropriation throughout the year instead of at the end of the year to capture any additional revenue / appropriations and send any amended certificates to the county auditor throughout the year and to ensure the Original Amended Certificates at the end of the year are sent in a timely manner as required.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

FINDING NUMBER 2013-004

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code:

Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made "then" and at the time that the fiscal officer is completing the certification "now", that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000, may be paid by the fiscal officer without a resolution or ordinance of the Township upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

Blanket Certificate - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate - The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

Although the obligations paid by the Township had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation for 33% and 43% of transactions tested for 2013 and 2012, respectively, and there was no evidence of a "Then and Now" certificate being properly utilized. Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-004 (Continued)

Noncompliance - Ohio Rev. Code § 5705.41(D)(1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to obligations being incurred by the Township. When prior certification is not possible, "then and now" certificates should be properly used.

Officials' Response: Township is using more Then and Now Certificates to avoid this issue.

FINDING NUMBER 2013-005

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, and prepare financial statements.

During 2013 and 2012, the Township had numerous (and some long outstanding) adjusting factors listed on the monthly bank reconciliations. In order for the Township to properly reconcile, the following cash adjustments, in which management agreed, were required to be posted to the accounting records and are reflected in the accompanying financial statements:

2013			
Fund	Account Type	Amount	Description
Revenue Adjustments:			
General	Intergovernmental	\$2,610	February 2013 Local Government and October 2013 Homestead & Rollback Tax not posted to the Township's ledgers.
Gasoline Tax	Intergovernmental	4,763	May 2013 Township Gas Tax revenue not posted to the Township's ledgers.
Road and Bridge	Intergovernmental	78	October 2013 Homestead & Rollback Tax not posted to the Township's ledgers.
Ambulance and EMS	Intergovernmental	9	October 2013 Homestead & Rollback Tax not posted to the Township's ledgers.
Fire Levy	Intergovernmental	61	October 2013 Homestead & Rollback Tax not posted to the Township's ledgers.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-005 (Continued)

Material Weakness (Continued)

2013			
Fund	Account Type	Amount	Description
Revenue Adjustments:			
Cemetery Bequest	Earnings on Investment	6	2012 Belmont Savings Bank interest double posted to the Township's ledgers.
General	Other – Miscellaneous (Non-Operating)	197	Net effect of numerous, adjusting factors on the 2013 bank reconciliation.
Cemetery Bequest	Earnings on Investment	5	2013 Belmont Savings Bank interest not posted to the Township's ledgers.
Expense Adjustments:			
Gasoline Tax	Debt Service – Principal	4,500	March 2013 USDA General Obligation (GO) bond payment not posted to the Township's ledgers.
Gasoline Tax	Debt Service - Interest	1,660	March 2013 USDA GO bond payment not posted to the Township's ledgers.

2012			
Fund	Account Type	Amount	Description
Revenue Adjustments:			
Gasoline Tax	Intergovernmental	\$7,388	August 2012 and September 2012 Gasoline Tax revenue not posted to the Township's ledgers.
Expense Adjustments:			
General	Debt Service – Principal	4,200	Prior period adjustment not posted to the Township's ledgers (2011 USDA GO bond payment).
General	Debt Service – Interest	1,825	Prior period adjustment not posted to the Township's ledgers (2011 USDA GO bond payment).
Gasoline Tax	Public Works – Operating Supplies	570	EFT payments withdrawn from checking account, but not posted to the Township's ledgers.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-005 (Continued)

Material Weakness (Continued)

The following adjustments were not posted to the Township's financial statements due to the Township could not afford to make the adjustments to the ledgers:

Fund	Account Type	Amount	Description
General	Property Taxes	\$839	December 2011 Personal Property Tax revenue double posted to the Township's ledgers.
General	Intergovernmental	4,567	Prior period adjustment not posted to the Township's ledgers (June 2011 Local Government).

We recommend the Township post all EFT deposits and payments to the books in the proper period, to help ensure all financial activity is included in the annual financial report. Also posting receipts and expenditures to the accounting system in a more timely manner, will make the monthly cash reconciliation process less cumbersome.

Officials' Response: Adjustments were posted to the accounting records. Two additional adjustments will be made in the near future and will make the monthly reconciliation easier to reconcile. Fiscal Officer will look toward UAN support for any future issues regarding reconciliation items.

FINDING NUMBER 2013-006

Material Weakness

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

The Ohio Township Handbook (revised March 2014) provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Fiscal Officer did not correctly post all receipts and disbursements in 2013 and 2012, which resulted in reclassifications. The Fiscal Officer has agreed to the following reclassifications and these amounts are reflected in the accompanying financial statements:

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-006 (Continued)

Material Weakness (Continued)

2013			
Fund	Account Type	Amount	Description
Revenue Reclassifications:			
General	Intergovernmental	\$1,337	Homestead and rollback classified as local tax revenue.
Road and Bridge	Intergovernmental	22,484	Homestead and rollback classified as local tax revenue.
Ambulance and EMS	Intergovernmental	2,479	Homestead and rollback classified as local tax revenue.
Fire Levy	Intergovernmental	16,814	Homestead and rollback classified as local tax revenue
General	Miscellaneous	3,097	Worker's compensation premium surplus refund classified as intergovernmental revenue.
Expenses Reclassifications:			
Fire Levy	Public Safety – Contracted Services	73,858	Fire contract payments classified as general government – other expenses.

2012			
Fund	Account Type	Amount	Description
Expense Reclassifications:			
Gasoline Tax	Debt Service - Principal	\$4,300	Bond payment classified as capital outlay.
Gasoline Tax	Debt Service - Interest	1,832	Bond payment classified as capital outlay.
Gasoline Tax	Debt Service - Principal	5,453	Debt payment classified as capital outlay.
Gasoline Tax	Debt Service - Interest	2,070	Debt payment classified as capital outlay.
General	Debt Service – Principal	56,527	Debt payment classified as general government - other – salaries.
General	Debt Service - Interest	284	Debt payment classified as general government - other- salaries.
Fire Levy	Public Safety – Contracted Services	64,000	Fire contract payments classified as general government – other expenses.
General	Public Works – Other Supplies and Materials	15,269	Purchase of road salt classified as general government – other expenses.

We recommend the Township utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions. This guidance will help ensure the Fiscal Officer makes proper postings to receipt and expenditure account classifications based on the source of the receipt and purpose of the expenditure.

Officials' Response: Reclassifications were made. Fiscal Officer will utilize resources when questions arise as to receipt and expenditure issues.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-007

Material Weakness

The Township should have internal controls in place to reasonably assure that budgetary accounts are integrated 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.

The Fiscal Officer did not properly post budgeted receipts, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system throughout the year. The following table details these variances:

2013			
Fund	Amount per Last Amended Certificate	Amount Posted to the Accounting System	Variance
General	\$0	\$41,697	\$41,697
Motor Vehicle License Tax	0	17,269	17,269
Road and Bridge	0	135,500	135,500

2012			
Fund	Amount per Last Amended Certificate	Amount Posted to the Accounting System	Variance
General	\$158,924	\$146,531	(\$12,393)
Road and Bridge	171,833	134,402	(37,431)

The Fiscal Officer also did not property post appropriations to the Township's accounting system. Variances existed between the appropriation resolution and the amounts posted to the Township's accounting system. The following table details this variance:

2013			
Fund	Amount per Annual Appropriation Resolution plus any Supplementals	Amount Posted to the Accounting System	Variance
General	\$67,901	\$71,469	\$3,568

Because the information entered into the accounting system was inaccurate, or was not entered into the system at all, Township management was unable to effectively monitor budgetary activity throughout the year. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present budgeted receipts as certified by the County Auditor and appropriations per the appropriation resolution.

We recommend the Fiscal Officer record estimated receipts per the Official Certificate of Estimated Resources and appropriations approved by the Board of Trustees, as well as all amendments. The Fiscal Officer should periodically present budget vs. actual results to the Board of Trustees. As part of their monitoring responsibilities, the Board of Trustees should review this information and should inquire to the Fiscal Officer if they note apparent errors in the budget or actual data and should also use this information to determine if they should amend estimated revenue or appropriations.

PULTNEY TOWNSHIP
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>
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FINDING NUMBER 2013-007 (Continued)

Material Weakness (Continued)

Officials' Response: Fiscal Officer will utilize resources available when questions arise. Reports regarding revenue and appropriations will be monitored by the board on a monthly basis to ensure accuracy.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2011-01	Ohio Rev. Code § 5705.39, Appropriations exceeded estimated resources in several funds.	No	Not Corrected; Reissued as Finding Number 2013-003.
2011-02	Ohio Rev. Code § 5705.41(B), Expenditures exceeded appropriations in several funds.	Yes	N/A.
2011-03	Ohio Rev. Code § 5705.41(D)(1), not certifying the availability of funds prior to incurring obligations.	No	Not Corrected; Reissued as Finding Number 2013-004.
2011-04	Ohio Rev. Code § 505.60(A), Health insurance premiums not posted to proper funds.	Yes	N/A.
2011-05	Ohio Rev. Code Chapter 133, Unallowable type of debt issued.	Yes	N/A.
2011-06	Budgeted receipts and appropriations not always posted accurately in the accounting system.	No	Not Corrected; Reissued as Finding Number 2013-007.
2011-07	Not posting on-behalf of grant monies to the accounting system.	Yes	N/A.
2011-08	Receipts and disbursements not always properly posted to accurate classifications.	No	Not Corrected; Reissued as Finding Number 2013-006.



Dave Yost • Auditor of State

PULTNEY TOWNSHIP

BELMONT 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
FEBRUARY 17, 2015**