



Dave Yost • Auditor of State



**ENOCH TOWNSHIP  
NOBLE COUNTY  
DECEMBER 31, 2016 AND 2015**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Enoch Township  
Noble County  
44155 Camp Run Road  
Caldwell, Ohio 43724

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Enoch Township, Noble County, Ohio, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2017, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 25, 2017

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

|  | General                | Special<br>Revenue      | Totals<br>(Memorandum<br>Only) |
|--|------------------------|-------------------------|--------------------------------|
| <b>Cash Receipts</b>                                 |                        |                         |                                |
| Property and Other Local Taxes                       | \$34,934               | \$51,499                | \$86,433                       |
| Intergovernmental                                    | 22,224                 | 100,093                 | 122,317                        |
| Earnings on Investments                              | 63                     | 34                      | 97                             |
| Miscellaneous  | 59                     | 713                     | 772                            |
| <i>Total Cash Receipts</i>                           | <u>57,280</u>          | <u>152,339</u>          | <u>209,619</u>                 |
| <b>Cash Disbursements</b>                            |                        |                         |                                |
| Current:   |                        |                         |                                |
| General Government                                   | 32,142                 | 0                       | 32,142                         |
| Public Works   | 1,320                  | 153,000                 | 154,320                        |
| Health   | 0                      | 1,200                   | 1,200                          |
| Capital Outlay                                       | 0                      | 2,993                   | 2,993                          |
| Debt Service:  |                        |                         |                                |
| Principal Retirement                                 | 0                      | 8,609                   | 8,609                          |
| Interest and Fiscal Charges                          | 0                      | 639                     | 639                            |
| <i>Total Cash Disbursements</i>                      | <u>33,462</u>          | <u>166,441</u>          | <u>199,903</u>                 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>23,818</u>          | <u>(14,102)</u>         | <u>9,716</u>                   |
| <i>Fund Cash Balances, January 1</i>                 | <u>41,530</u>          | <u>121,894</u>          | <u>163,424</u>                 |
| <b>Fund Cash Balances, December 31</b>               |                        |                         |                                |
| Restricted   | 0                      | 81,530                  | 81,530                         |
| Committed  | 0                      | 26,262                  | 26,262                         |
| Assigned   | 65,348                 | 0                       | 65,348                         |
| <i>Fund Cash Balances, December 31</i>               | <u><u>\$65,348</u></u> | <u><u>\$107,792</u></u> | <u><u>\$173,140</u></u>        |

*See accompanying notes to the basic financial statements*

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**Enoch Township**  
*Noble County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2016*

**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Enoch Township, Noble County (the Township), as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with Caldwell Volunteer Fire Company to provide fire services.

The Township participates in a public entity risk pool. Note 8 to the financial statement provides additional information for this entity. The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

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

***Basis of Presentation***

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

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

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

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

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

***Motor Vehicle License Tax Fund*** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***Road & Bridge Fund*** The road and bridge fund accounts for and reports all disbursements committed to roads, including improvements, snow removal, gravel, maintenance, supplies, purchases, fuel and vehicle equipment and maintenance. This fund is also used for construction of new and future facilities.

**Enoch Township**  
*Noble County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2016*

**Road & Bridge Levy Fund** The road and bridge levy accounts for and reports all disbursements committed to roads, including improvements, snow removal, gravel, maintenance, supplies, purchases, fuel and vehicle equipment and maintenance. This fund is also used for the construction of new and future facilities.

**Cemetery Fund (Archer's Ridge)** The cemetery fund accounts for and reports interest earned on the general maintenance and upkeep of the Archer's Ridge cemetery.

***Basis of Accounting***

This financial statement follows 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 cancelled and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

***Deposits***

The Township pools all available funds of the Township in an interest-bearing checking account.

**Enoch Township**  
*Noble County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2016*

**Capital Assets**

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statement does not report these items.

**Fund Balance**

Fund balance is divided into three classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

**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.

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 2016 follows:

| 2016 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$40,515             | \$57,280           | \$16,765 |
| Special Revenue                   | 143,580              | 152,339            | 8,759    |
| Total                             | \$184,095            | \$209,619          | \$25,524 |

**Enoch Township**  
*Noble County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2016*

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$83,999                   | \$33,462                  | \$50,537  |
| Special Revenue                                       | 263,178                    | 166,441                   | 96,737    |
| Total   | \$347,177                  | \$199,903                 | \$147,274 |

**Note 4 - Deposits**

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

|                 |           |
|-----------------|-----------|
|                 | 2016      |
| Demand deposits | \$173,140 |

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 - Property Taxes**

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

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

**Note 6 - Risk Management**

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

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

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

**Enoch Township**  
*Noble County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2016*

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, 2016, 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, 2016:

|              | <b>2016</b>  |
|--------------|--------------|
| Assets       | \$38,473,283 |
| Liabilities  | 8,244,140    |
| Net Position | \$30,229,143 |

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$1,000.

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

|   |
|---|
| <b><u>2016 Contributions to OTARMA</u></b><br>\$3,092 |
|---|

**Enoch Township**  
*Noble County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2016*

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 Plan**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Note 8 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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.

**Note 9 - Debt**

Debt outstanding at December 31, 2016 was as follows:

|                         | Principal | Interest Rate |
|-------------------------|-----------|---------------|
| Tractor Promissory Note | \$9,584   | 4%            |
| Grader Promissory Note  | 5,550     | 2.76%         |
| Total                   | \$15,134  |               |

The Township issued promissory notes to finance the purchase of a new tractor in 2011 and a grader for Township road maintenance. The Township's taxing authority collateralized the bonds.

**Enoch Township**  
*Noble County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2016*

***Amortization***

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

| Year ending<br>December 31: | Tractor<br>Promissory<br>Note | Grader<br>Promissory<br>Note |
|-----------------------------|-------------------------------|------------------------------|
| 2017                        | \$5,956                       | \$4,523                      |
| 2018                        | 3,971                         | 1,508                        |
| Total                       | <u>\$9,927</u>                | <u>\$6,031</u>               |

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**ENOCH TOWNSHIP  
NOBLE COUNTY**

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

|   | General                | Special<br>Revenue      | Totals<br>(Memorandum<br>Only) |
|---|------------------------|-------------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                        |                         |                                |
| Property and Other Local Taxes                        | \$28,176               | \$38,812                | \$66,988                       |
| Intergovernmental                                     | 19,772                 | 101,626                 | 121,398                        |
| Earnings on Investments                               | 62                     | 36                      | 98                             |
| Miscellaneous   | 34                     | 1,790                   | 1,824                          |
| <i>Total Cash Receipts</i>                            | <u>48,044</u>          | <u>142,264</u>          | <u>190,308</u>                 |
| <b>Cash Disbursements</b>                             |                        |                         |                                |
| Current:  |                        |                         |                                |
| General Government                                    | 31,891                 | 0                       | 31,891                         |
| Public Safety   | 2,808                  | 314                     | 3,122                          |
| Public Works  | 3,810                  | 159,343                 | 163,153                        |
| Health  | 0                      | 2,160                   | 2,160                          |
| Capital Outlay  | 0                      | 21,350                  | 21,350                         |
| Debt Service:   |                        |                         |                                |
| Principal Retirement                                  | 0                      | 9,000                   | 9,000                          |
| Interest and Fiscal Charges                           | 0                      | 1,044                   | 1,044                          |
| <i>Total Cash Disbursements</i>                       | <u>38,509</u>          | <u>193,211</u>          | <u>231,720</u>                 |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>9,535</u>           | <u>(50,947)</u>         | <u>(41,412)</u>                |
| <b>Other Financing Receipts (Disbursements)</b>       |                        |                         |                                |
| Sale of Notes   | 0                      | 13,000                  | 13,000                         |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>0</u>               | <u>13,000</u>           | <u>13,000</u>                  |
| <i>Net Change in Fund Cash Balances</i>               | 9,535                  | (37,947)                | (28,412)                       |
| <i>Fund Cash Balances, January 1</i>                  | <u>31,995</u>          | <u>159,841</u>          | <u>191,836</u>                 |
| <b>Fund Cash Balances, December 31</b>                |                        |                         |                                |
| Restricted  | 0                      | 98,071                  | 98,071                         |
| Committed   | 0                      | 23,823                  | 23,823                         |
| Assigned  | 41,530                 | 0                       | 41,530                         |
| <i>Fund Cash Balances, December 31</i>                | <u><u>\$41,530</u></u> | <u><u>\$121,894</u></u> | <u><u>\$163,424</u></u>        |

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

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**Enoch Township**  
*Noble County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2015*

**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Enoch Township, Noble County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the Caldwell Volunteer Fire Company to provide fire services.

The Township participates in a public entity risk pool. Note 6 to the financial statement provides additional information for this entity.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

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

***Basis of Presentation***

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

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

***Basis of Accounting***

This financial statement follows 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.

**Enoch Township**  
*Noble County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2015*

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). This statement includes 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 certain agency funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 2015 budgetary activity appears in Note 3.

***Deposits***

The Township pools all available funds of the Township in an interest-bearing checking account.

***Capital Assets***

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

***Fund Balance***

Fund balance is divided into three classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

**Enoch Township**  
*Noble County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2015*

**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.

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, 2015 follows:

| 2015 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$35,820             | \$48,044           | \$12,224 |
| Special Revenue                   | 140,650              | 155,264            | 14,614   |
| Total                             | \$176,470            | \$203,308          | \$26,838 |

| 2015 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$67,784                   | \$38,509                  | \$29,275  |
| Special Revenue                                       | 300,356                    | 193,211                   | \$107,145 |
| Total   | \$368,140                  | \$231,720                 | \$136,420 |

**Note 4 – Deposits**

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

|                 |           |
|-----------------|-----------|
| Demand deposits | 2015      |
|                 | \$163,424 |

**Enoch Township**  
*Noble County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2015*

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 - Property Taxes**

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

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

**Note 6 - Risk Management**

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

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

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

Casualty and Property Coverage

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

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

**Enoch Township**  
*Noble County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2015*

Financial Position

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

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

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$2,000

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

| <b><u>Contributions to OTARMA</u></b> |                    |
|---------------------------------------|--------------------|
| <b><u>2015</u></b>                    | <b><u>2014</u></b> |
| \$3,362                               | \$3,358            |

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.

**Enoch Township**  
*Noble County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2015*

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

The Township’s employee 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 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, 2015.

**Note 8 - Postemployment Benefits**

OPERS offers 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.

**Note 9 - Debt**

Debt outstanding at December 31, 2015 was as follows:

|                         | Principal | Interest Rate |
|-------------------------|-----------|---------------|
| Tractor Promissory Note | \$14,585  | 4%            |
| Grader Promissory Note  | 9,143     | 2.76%         |
| Total                   | \$23,728  |               |

The Township issued promissory notes to finance the purchase of a new tractor in 2011 and a new grader in 2015 for Township road maintenance. The Township’s taxing authority collateralized the notes.

***Amortization***

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

|                             | Tractor<br>Promissory<br>Note | Grader<br>Promissory<br>Note |
|-----------------------------|-------------------------------|------------------------------|
| Year ending<br>December 31: |                               |                              |
| 2016                        | \$5,460                       | \$3,392                      |
| 2017                        | 5,956                         | 4,523                        |
| 2018                        | 3,971                         | 1,508                        |
| Total                       | \$15,387                      | \$9,423                      |





# 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

Enoch Township  
Noble County  
44155 Camp Run Road  
Caldwell, Ohio 43724

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 Enoch Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated July 25 2017, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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 to be material weaknesses. We consider Findings 2016-002 and 2016-003 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2016-001.

***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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 25, 2017

**ENOCH TOWNSHIP  
NOBLE COUNTY**

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

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2016-001**

**Noncompliance**

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. § 133.22 allows a subdivision to issue anticipatory securities, § 133.10 allows anticipation securities in anticipation of current property tax revenues, § 133.14 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct and § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question is issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In 2011 and 2015, the Township signed promissory notes with a local bank to purchase a tractor in the amount of \$36,240 and a grader in the amount of \$13,000, respectively. This type of debt does not meet the criteria for any of the debt allowed in Ohio Revised Code Chapter 133.

The Ohio Revised Code contains various methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for Townships. We recommend the Township contact their legal counsel before incurring future debt.

**FINDING NUMBER 2016-002**

**Material Weakness**

The Township should 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. As part of this accounting system, the Township should have procedures in place for a review of transactions posted by the Fiscal Officer.

As a result of audit procedures performed, misclassifications were noted in the Township's financial statements that required adjustment:

- Homestead and rollback receipts in the amount of \$2,711 in the General Fund was posted to taxes instead of intergovernmental during 2016;
- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances in the financial statements. The Township also improperly reported the Road and Bridge Fund's cash fund balance as restricted instead of reporting the cash fund balance as committed, in the amounts of \$23,262 and \$22,323 during 2016 and 2015, respectively. We also found the Township improperly reported appropriations in excess of estimated receipts in the General Fund as unassigned instead of reporting the excess as assigned, in the amounts of \$69,189 and \$43,484 during 2016 and 2015, respectively; and
- Proceeds of loan and capital outlay, in the amount of \$13,000, was not posted by the Township for the financing of a grader during 2015.
- Trustee insurance reimbursements in the amount of \$4,200 were posted to public safety instead of public works in the Gasoline Tax Fund during 2015.

**ENOCH TOWNSHIP  
NOBLE COUNTY**

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

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
|--|

**FINDING NUMBER 2016-002**

**Material Weakness (Continued)**

These miss-postings by the Fiscal Officer were incorrectly reported on the year-end financial statements prepared by the Township. These reclassifications were due to limited oversight by management. The reclassifications, with which management agrees, were posted to the financial statements.

We also noted other misclassifications that were not material to the financial statements and therefore the reclassifications were not posted to the financial statements, as follows:

- Homestead and rollback receipts in the amount of \$1,965, and \$1,795, in the Road & Bridge Fund and Road Special Levy 2.5 Fund, respectively, were posted to taxes instead of intergovernmental in 2016;
- Principal payments totaling \$579 were posted to general government instead of principal retirement in the General Fund for 2015; and
- Local Government receipt in the amount of \$701 was posted to taxes instead of intergovernmental in the General Fund for 2015.

The Fiscal Officer should refer to the Township Handbook for proper receipt and expenditure classification to ensure the Township's accounting system and year-end financial statements are properly reported. Also, the Board should adopt control procedures for the review of postings made by the fiscal officer. Further, the Township should review AOS Bulletin 2011-004 for proper reporting of cash fund balances.

**FINDING NUMBER 2016-003**

**Noncompliance/Material Weakness**

Ohio Rev. Code § 5705.10(I) states that money paid into a fund must be used for the purposes for which such fund has been established.

During 2016 and 2015, we noted the Fiscal Officer paid property and liability insurance premiums entirely from the Road and Bridge Fund, in the amount of \$3,180 for 2016 and \$3,092 for 2015. The insurance premium paid for computer coverage, dishonesty policy and liability insurance should be paid from the General Fund, not the restricted Road and Bridge Fund. The adjustments, with which management agrees, were posted to the financial statements and the Township's accounting system.

The Township should pay a reasonable portion of the property and liability insurance premium from the General Fund.

**Official's Response:** We did not receive a response from Officials to the findings reported above.

**ENOCH TOWNSHIP  
NOBLE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

| <b>Finding Number</b> | <b>Finding Summary</b>  | <b>Status</b>       | <b>Additional Information</b>  |
|-----------------------|---|---------------------|--|
| 2014-001              | Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. In 2011, the Township signed promissory notes with a local bank that were not allowed per Ohio Rev. Code Chapter 133.   | Not Corrected       | Reissued as Finding Number 2016-001.   |
| 2014-002              | Ohio Rev. Code § 505.24(C) sets forth the method by which township trustees' compensation should be allocated. During 2014 we found the Trustees' salaries did not follow the payroll certifications.   | Not Corrected       | Reissued in Management Letter.   |
| 2014-003              | Auditor of State Bulletin 2011-004 mandated GASB Statement No. 54, for properly reporting fund balances. The Township improperly reported the Road and Bridge Fund's cash balance as restricted instead of committed for 2014 and 2013. Also, the Township did not adopt a fund balance policy. | Partially Corrected | The Township misclassified the Road and Bridge Fund balance as well as the General Fund balance during 2016 and 2015. Reissued as Finding Number 2016-002. |

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# Dave Yost • Auditor of State

**ENOCH TOWNSHIP**

**NOBLE 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  
AUGUST 22, 2017**