

**GOSHEN TOWNSHIP  
BELMONT COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2015 - DECEMBER 31, 2016**





# Dave Yost • Auditor of State

Board of Trustees  
Goshen Township  
115 Liberty Lane  
Bethesda, Ohio 43719

We have reviewed the *Independent Auditors' Report* of Goshen Township, Belmont County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Goshen Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

March 20, 2018

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**GOSHEN TOWNSHIP  
BELMONT COUNTY  
JANUARY 1, 2015 - DECEMBER 31, 2016**

**TABLE OF CONTENTS**

Table of Contents	( i )
Independent Auditors' Report	1-2
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2016	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2015	4
Notes to the Financial Statements	5
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	12
Schedule of Findings	14
Schedule of Prior Audit Findings	18

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Goshen Township  
Belmont County  
115 Liberty Lane  
Bethesda, Ohio 43719

To the Township 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 Goshen Township, Belmont County, 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

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

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

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

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted 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 Goshen Township, Belmont County 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 Goshen Township, Belmont County 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 Section 117.38 and Ohio Administrative Code Section 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 a report dated May 20, 2017, on our consideration of Goshen 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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 20, 2017



**GOSHEN TOWNSHIP  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 22,599	\$ 161,764	\$ -	\$ 184,363
Licenses Permits and Fees	-	15,200	-	15,200
Intergovernmental	47,022	131,942	-	178,964
Earnings on Investments	83	13	-	96
Miscellaneous	678	-	-	678
<b>Total Cash Receipts</b>	<u>70,382</u>	<u>308,919</u>	<u>-</u>	<u>379,301</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	56,747	9,112	-	65,859
Public Safety	-	54,993	-	54,993
Public Works	-	208,299	-	208,299
Health	9,040	-	-	9,040
<b>Total Cash Disbursements</b>	<u>65,787</u>	<u>272,404</u>	<u>-</u>	<u>338,191</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Sources	-	5,001	-	5,001
<b>Total Other Financing Receipts (Disbursements)</b>	<u>-</u>	<u>5,001</u>	<u>-</u>	<u>5,001</u>
<b>Net Change in Fund Cash Balance</b>	4,595	41,516	-	41,110
<b>Fund Cash Balances, January 1</b>	<u>47,277</u>	<u>83,472</u>	<u>3,157</u>	<u>133,906</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	59,024	3,157	62,181
Committed	-	63,067	-	63,067
Assigned	985	2,897	-	3,882
Unassigned (Deficit)	50,887	-	-	50,887
<b>Fund Cash Balances, December 31</b>	<u>\$ 51,872</u>	<u>\$ 124,988</u>	<u>\$ 3,157</u>	<u>\$ 180,017</u>

See notes to financial statements.

**GOSHEN TOWNSHIP  
BELMONT COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 20,826	\$ 155,919	\$ -	\$ 176,745
Licenses Permits and Fees	-	70,300	-	70,300
Intergovernmental	52,630	129,848	-	182,478
Earnings on Investments	94	8	-	102
Miscellaneous	594	775	-	1,369
<b>Total Cash Receipts</b>	<u>74,144</u>	<u>356,850</u>	<u>-</u>	<u>430,994</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	62,812	10,012	-	72,824
Public Safety	-	63,353	-	63,353
Public Works	-	279,466	-	279,466
Health	7,860	-	-	7,860
Capital Outlay	-	2,500	-	2,500
<b>Total Cash Disbursements</b>	<u>70,672</u>	<u>355,331</u>	<u>-</u>	<u>426,003</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Sources	-	500	-	500
<b>Total Other Financing Receipts (Disbursements)</b>	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
<b>Net Change in Fund Cash Balance</b>	3,472	2,019	-	4,991
<b>Fund Cash Balances, January 1</b>	<u>43,805</u>	<u>81,453</u>	<u>3,157</u>	<u>128,415</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	26,179	3,157	29,336
Committed	-	55,721	-	55,721
Assigned	310	1,572	-	1,882
Unassigned (Deficit)	46,967	-	-	46,967
<b>Fund Cash Balances, December 31</b>	<u>\$ 47,277</u>	<u>\$ 83,472</u>	<u>\$ 3,157</u>	<u>\$ 133,906</u>

See notes to financial statements.

**GOSHEN TOWNSHIP  
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Goshen Township, Belmont County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection, and police protection services. The Township contracts with the Village of Bethesda and Village of Belmont to provide fire services and the Village of Bethesda to provide police protection services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

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

**B. 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 Fund:

**Gasoline Tax Fund** – This fund receives gasoline tax monies to pay for constructing, maintaining, and repairing Township roads.

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

**Fire District Fund** – This fund receives property tax money to provide fire protection to Township residents.

**GOSHEN TOWNSHIP  
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

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

**Debt Service Fund**

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

**General Bond (Note) Retirement Fund** – This fund accounts for resources the Township accumulates to pay bond and note debt. The Township’s debt service fund had no activity during 2016 and 2015.

**C. Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

**D. Budgetary Process**

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

**Appropriations**

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

**Estimated Resources**

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

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2016 and 2015 appear in Note 3.

**E. Deposits and Investments**

The Township’s accounting basis includes investment 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.

**GOSHEN TOWNSHIP  
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

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

**F. Capital Assets**

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

**G. 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.

**H. 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:

**Nonspendable**

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

**Restricted**

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

**Committed**

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

**Assigned**

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

**Unassigned**

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

**GOSHEN TOWNSHIP  
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2016 and 2015 is as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 56,327	\$ 70,382	\$ 14,055
Special Revenue	262,585	313,920	51,335
Debt Service	-	-	-
Total	\$ 318,912	\$ 384,302	\$ 65,390

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 98,420	\$ 66,772	\$ 31,648
Special Revenue	338,372	275,301	63,071
Debt Service	3,157	-	3,157
Total	\$ 439,949	\$ 342,073	\$ 97,876

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 52,180	\$ 74,144	\$ 21,964
Special Revenue	326,185	357,350	31,165
Debt Service	-	-	-
Total	\$ 378,365	\$ 431,494	\$ 53,129

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 89,663	\$ 70,982	\$ 18,681
Special Revenue	417,921	356,903	61,018
Debt Service	-	-	-
Total	\$ 507,584	\$ 427,885	\$ 79,699

Contrary to ORC 5705.41(D), the Township had made expenditures prior to certification.

Contrary to ORC 5705.39, in 2015 the Fire District Fund had appropriations exceeding resources.

**GOSHEN TOWNSHIP  
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**4. EQUITY IN POOLED CASH**

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

	<u>2016</u>	<u>2015</u>
Demand Deposits	<u>\$ 180,017</u>	<u>\$ 133,906</u>
Total Deposits	<u>\$ 180,017</u>	<u>\$ 133,906</u>

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

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. 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.

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.

**6. RISK MANAGEMENT**

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.) 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, 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 and 2015 (the latest information available):

**GOSHEN TOWNSHIP  
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**6. RISK MANAGEMENT(Continued)**

	2016	2015
Assets	\$38,473,283	\$37,313,311
Liabilities	(8,244,140)	(8,418,518)
Retained Earnings	\$30,229,143	\$28,894,793

At December 31, 2016 and 2015, respectively, the liabilities above include approximately \$7.4 and \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$6.9 and \$7.7 million of unpaid claims to be billed to approximately 1,010 members and 989 member governments in the future, as of December 31, 2016 and 2015, respectively. 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 \$3,553.

Based on discussion 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.

Contributions to OTARMA	
2016	\$7,896
2015	7,910
2014	6,404

After completing 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.

**7. DEFINED BENEFIT PENSION PLANS**

*Ohio Public Employees Retirement System*

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

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2016.

**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.



**GOSHEN TOWNSHIP  
BELMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**9. PUBLIC ENTITY RISK POOL**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Goshen Township  
Belmont County  
115 Liberty Lane  
Bethesda, Ohio 43719

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Goshen Township, Belmont County 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 May 20, 2017, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered Goshen 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 first 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider Findings 2016-002 and 2016-003 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2016-004 described in the accompanying schedule of findings to be a significant deficiency.

Independent Auditors' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards  
Page Two

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Goshen 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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* 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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 20, 2017

**GOSHEN TOWNSHIP  
BELMONT COUNTY**

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

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

**FINDING NUMBER 2016-001**

**Noncompliance**

Ohio Revised Code Section 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, 2015, appropriations exceeded estimated resources in the following fund:

Fund	Estimated Resources	Appropriations	Variance
Fire District	51,948	64,200	(12,252)

The Township should 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.

Client Response: We have not yet received a response from the client.

**FINDING NUMBER 2016-002**

**Material Weakness**

The Township should have internal controls in place to reasonable 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

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 tables detail these variances:

2015			
	Estimated Receipts per	Estimated Receipts per	
Fund	Budget Commission	UAN Revenue Status Report	Variance
General	\$ 52,180	\$ 45,930	\$ (6,250)
Road & Bridge	157,400	85,300	(72,100)
Fire District	51,500	51,000	(500)

**GOSHEN TOWNSHIP  
BELMONT COUNTY**

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

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

**FINDING NUMBER 2016-002 (CONTINUED)**

2016			
	Estimated Receipts per	Estimated Receipts per	
Fund	Budget Commission	UAN Revenue Status Report	Variance
Road & Bride	89,800	85,300	(4,500)
Fire District	55,500	51,000	(4,500)

The Fiscal Officer should record estimated receipts per the Official Certificate of Estimated Resources, as well as all amendments. The Fiscal Officer should periodically present budget versus 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 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 revenues.

Client Response: We have not yet received a response from the client.

**FINDING NUMBER 2016-003**

**Material Weakness – Financial Reporting**

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 2015) provides suggested fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are non-spendable, restricted, committed, assigned and unassigned.

The Township did not properly reflect its December 31, 2015 and 2016 cash balances in accordance with Governmental Accounting Standards Board (GASB) Statement Number 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010.

Financial statement errors identified for the year ended December 31, 2015 were as follows:

- Committed Fund Balance was overstated by \$47,277 and the Assigned Fund Balance and Unassigned Fund Balance understated by \$310 and \$46,967, respectively for the General Fund.
- Committed Fund Balance was overstated by \$19,803 and the Restricted Fund Balance understated by \$11,350, \$349, and \$8,104 for the Motor Vehicle License Tax, Fire District, and Permissive Motor Vehicle License Tax Funds, respectively.

**GOSHEN TOWNSHIP  
BELMONT COUNTY**

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

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

**FINDING NUMBER 2016-003 (CONTINUED)**

- Committed Fund Balance was overstated by \$7,947 and the Assigned Fund Balance and Restricted Fund Balance understated by \$1,572 and \$6,375, respectively for the Gasoline Tax Fund.
- Committed Fund Balance was overstated by \$3,157 and the Restricted Fund Balance understated by \$3,157 for the General Bond (Note) Retirement Fund.

Financial statement errors identified for the year ended December 31, 2016 were as follows:

- Committed Fund Balance was overstated by \$51,872 and the Assigned Fund Balance and Unassigned Fund Balance understated by \$985 and \$50,887, respectively for the General Fund.
- Committed Fund Balance was overstated by \$45,275 and the Restricted Fund Balance understated by \$16,649, \$9,033, and \$19,593 for the Motor Vehicle License Tax, Fire District, and Permissive Motor Vehicle License Tax Funds', respectively.
- Committed Fund Balance was overstated by \$16,646 and the Assigned Fund Balance and Restricted Fund Balance understated by \$2,897 and \$13,749, respectively for the Gasoline Tax Fund.
- Committed Fund Balance was overstated by \$3,157 and the Restricted Fund Balance understated by \$3,157 for the General Bond (Note) Retirement Fund.

Material adjustments, with which the Township officials' agree, are reflected within the accompanying financial statements.

The Township should develop internal control internal control procedures to ensure the financial statements of the Township accurately reflect the fund cash balance in accordance with GASB Statement No. 54 reporting requirements. The Township Fiscal Officer may refer to Auditor of State Bulletin 2011-004 for additional guidance.

Client Response: We have not yet received a response from the client.

**FINDING NUMBER 2016-004**

**Significant Deficiency – Financial Reporting**

As a result of audit procedures, errors were noted that required reclassification and adjustment to the financial statement as follows:

The following is related to 2015:

- Public Works Disbursement was reclassified to Capital Outlay in the amount of \$2,500 for the purchase of a tractor.

**GOSHEN TOWNSHIP  
BELMONT COUNTY**

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

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

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

Sound financial reporting is the responsibility of the Township and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. In addition, the Township should review the financial statements and notes prior to submission for audit.

Client Response: We have not yet received a response from the client.



**GOSHEN TOWNSHIP  
BELMONT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2014-001	Noncompliance 5705.39 Total Appropriations Exceeds Estimated Resources	No	Not corrected, reissued as Finding 2016-001.
2014-002	Material Weakness Budgeted Receipts Not Posted Accurately in Accounting System	No	Not corrected, reissued as Finding 2016-002.
2014-003	Material Weakness Fund Balance Errors	No	Not corrected, reissued as Finding 2016-003.

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# Dave Yost • Auditor of State

**GOSHEN 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  
APRIL 3, 2018**