

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2017 - DECEMBER 31, 2018**

**Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701**



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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(800) 282-0370

Board of Trustees  
Auburn Township  
1029 Shanesville Road  
Sugar creek, Ohio 44681

We have reviewed the *Independent Auditors' Report* of Auburn Township, Tuscarawas County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2017 through December 31, 2018. 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. Auburn Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 18, 2019

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**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY  
JANUARY 1, 2017 - DECEMBER 31, 2018**

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

**INDEPENDENT AUDITORS' REPORT**

Auburn Township  
Tuscarawas County  
1029 Shaneville Road  
Sugarcreek, Ohio 44681

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 Auburn Township, Tuscarawas County, as of and for the years ended December 31, 2018 and 2017.

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

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

**Auditor's Responsibility**

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no 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 Auburn Township, Tuscarawas County as of December 31, 2018 and 2017, 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 cash balances, receipts and disbursements by fund type and the related notes of Auburn Township, Tuscarawas County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated July 30, 2019, on our consideration of Auburn 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  
July 30, 2019



**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 40,754	\$ 127,047	\$ 167,801
Licenses, Permits and Fees	296	1,350	1,646
Intergovernmental	29,540	117,930	147,470
Earnings on Investments	15	-	15
Miscellaneous	-	14,733	14,733
<b>Total Cash Receipts</b>	<u>70,605</u>	<u>261,060</u>	<u>331,665</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	71,169	-	71,169
Public Safety	-	40,000	40,000
Public Works	-	143,617	143,617
Health	275	12,805	13,080
Capital Outlay	-	65,250	65,250
Debt Service:			
Principal Retirement	-	16,618	16,618
Interest and Fiscal Charges	-	2,052	2,052
<b>Total Cash Disbursements</b>	<u>71,444</u>	<u>280,342</u>	<u>351,786</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	(839)	(19,282)	(20,121)
<b>Other Financing Receipts (Disbursements)</b>			
Loan Proceeds	-	65,250	65,250
<b>Total Other Financing Receipts (Disbursements)</b>	<u>-</u>	<u>65,250</u>	<u>65,250</u>
<b>Net Change in Fund Cash Balance</b>	(839)	45,968	45,129
<b>Fund Cash Balances, January 1</b>	<u>35,914</u>	<u>79,912</u>	<u>115,826</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	125,880	125,880
Unassigned (Deficit)	35,075	-	35,075
<b>Fund Cash Balances, December 31</b>	<u>\$ 35,075</u>	<u>\$ 125,880</u>	<u>\$ 160,955</u>

See notes to financial statements.

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Auburn Township, Tuscarawas County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Sugar Creek to provide fire protection and Swiss Valley Ambulance to provide ambulance services.

The Township participates in a jointly governed organization. Note 9 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 Funds:

**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 monies to pay for constructing, maintaining, and repairing Township roads.

**Fire and Ambulance Fund** – This fund receives property tax monies to pay for fire protection and emergency medical services.

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

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

**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 2018 appears in Note 3.

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

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

**E. Deposits and Investments**

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

**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.

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

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

**Unassigned**

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

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 77,039	\$ 70,605	\$ (6,434)
Special Revenue	316,550	326,310	9,760
Total	\$ 393,589	\$ 396,915	\$ 3,326

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 85,102	\$ 71,444	\$ 13,658
Special Revenue	313,550	280,342	33,208
Total	\$ 398,652	\$ 351,786	\$ 46,866

**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:

	2018
Demand Deposits	\$ 160,955
Total Deposits	\$ 160,955

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

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**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**

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

**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 2018, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.00% of participant's gross salaries. The Township has paid all contributions required through December 31, 2018.

**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.

**9. JOINTLY GOVERNED ORGANIZATION**

The Township is associated with the Tuscarawas County Regional Planning Commission, (the Commission) as a Jointly Governed Organization. The Commission is statutorily created political subdivision of the state. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the Commission is limited to its representation on the board. The Commission make studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. The Township contributed \$171 in both 2018 to the Regional Planning Commission.

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**10. DEBT**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest rate
The First Baltic Bank - Backhoe	\$ 5,997	4.50%
The First Baltic Bank – Road Repairs	63,229	5.00%
The First Baltic Bank - Truck	21,134	4.50%
Total	\$ 90,360	

The Township entered into a loan to refinance the purchase of a backhoe to be used for road repairs and cemetery work on October 8, 2015. The loans will be repaid in monthly installments with interest at 4.50%. The backhoe collateralizes the loan. This will be repaid from the General Fund, Gasoline Tax Fund, Road & Bridge Fund and Cemetery Fund.

The Township entered into a loan to refinance the purchase of a truck to be used for road repairs on October 26, 2016. The loans will be repaid in monthly installments with interest at 4.50%. The truck collateralizes the loan. This will be repaid from the Road & Bridge Fund.

The Township entered into a loan to refinance road repairs in the Township on October 18, 2018. The loans will be repaid in monthly installments with interest at 5.00%. The Townships taxing authority collateralizes the loan. This will be repaid from the Road & Bridge Fund.

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

Year Ended December 31	Backhoe	Truck	Road Repairs
2019	\$ 6,853	\$ 7,981	\$ 14,790
2020	-	7,981	14,790
2021	-	7,316	14,790
2022	-	-	14,790
2023	-	-	13,558
Total	\$ 6,853	\$ 23,278	\$ 72,718

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 40,115	\$ 125,723	\$ 165,838
Licenses, Permits and Fees	-	1,200	1,200
Intergovernmental	28,853	104,375	133,228
Earnings on Investments	13	-	13
Miscellaneous	-	6,997	6,997
<b>Total Cash Receipts</b>	<u>68,981</u>	<u>238,295</u>	<u>307,276</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	63,116	-	63,116
Public Safety	-	41,500	41,500
Public Works	-	150,289	150,289
Health	284	13,691	13,975
Capital Outlay	-	3,667	3,667
Debt Service:			
Principal Retirement	1,163	13,373	14,536
Interest and Fiscal Charges	187	1,481	1,668
<b>Total Cash Disbursements</b>	<u>64,750</u>	<u>224,001</u>	<u>288,751</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	4,231	14,294	18,525
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	-	16,000	16,000
<b>Total Other Financing Receipts (Disbursements)</b>	<u>-</u>	<u>16,000</u>	<u>16,000</u>
<b>Net Change in Fund Cash Balance</b>	4,231	30,294	34,525
<b>Fund Cash Balances, January 1</b>	<u>31,683</u>	<u>49,618</u>	<u>81,301</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	79,912	79,912
Unassigned (Deficit)	35,914	-	35,914
<b>Fund Cash Balances, December 31</b>	<u>\$ 35,914</u>	<u>\$ 79,912</u>	<u>\$ 115,826</u>

See notes to financial statements.



**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**1. REPORTING ENTITY**

**Description of the Entity**

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The Township participates in a jointly governed organization. Note 9 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.

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**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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

**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 2017 appears in Note 3.

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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

**E. Deposits and Investments**

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

**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.

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

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

**Unassigned**

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

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2017 is as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 67,477	\$ 68,981	\$ 1,504
Special Revenue	244,863	254,295	9,432
Total	\$ 312,340	\$ 323,276	\$ 10,936

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 69,541	\$ 64,750	\$ 4,791
Special Revenue	246,757	224,001	22,756
Total	\$ 316,298	\$ 288,751	\$ 27,547

**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:

	2017
Demand Deposits	\$ 115,826
Total Deposits	\$ 115,826

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

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**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**

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

**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 2017, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.00% of participant's gross salaries. The Township has paid all contributions required through December 31, 2017.

**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.

**9. JOINTLY GOVERNED ORGANIZATION**

The Township is associated with the Tuscarawas County Regional Planning Commission, (the Commission) as a Jointly Governed Organization. The Commission is statutorily created political subdivision of the state. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the Commission is limited to its representation on the board. The Commission make studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. The Township contributed \$171 in both 2017 to the Regional Planning Commission.

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**10. DEBT**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest rate
The First Baltic Bank - Backhoe	\$ 13,729	4.50%
The First Baltic Bank - Truck	27,800	4.50%
Total	\$ 41,529	

The Township entered into a loan to refinance the purchase of a backhoe to be used for road repairs and cemetery work on October 8, 2015. The loans will be repaid in monthly installments with interest at 4.50%. The backhoe collateralizes the loan. This will be repaid from the General Fund, Gasoline Tax Fund, Road & Bridge Fund and Cemetery Fund. The balance at January 1, 2017 was restated to \$21,120.

The Township entered into a loan to refinance the purchase of a truck to be used for road repairs on October 26, 2016. The loans will be repaid in monthly installments with interest at 4.50%. The truck collateralizes the loan. This will be repaid from the Road & Bridge Fund. The balance at January 1, 2017 was restated to \$35,144.

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

Year Ended December 31	Backhoe	Truck
2018	\$ 8,223	\$ 7,981
2019	6,853	7,981
2020	-	7,981
2021	-	7,316
Total	\$ 321,420	\$ 31,259

**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.**

Auburn Township  
Tuscarawas County  
1029 Shanersville Road  
Sugar Creek, Ohio 44681

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 Auburn Township, Tuscarawas County as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated Jul7 30, 2019, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered Auburn 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. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2018-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Auburn 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* which is described in the accompanying schedule of findings as item 2018-002.

***Entity's Response to Finding***

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

***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  
July 30, 2019



**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-001**

**Material Weakness – Reclassifications and Adjustments**

All local offices 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.

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

During 2018 and 2017, the Township's receipts were not always posted into accurate classifications. The following misclassifications were noted:

- In 2018, all Rollback money was posted to the General Fund requiring an adjustment to increase Intergovernmental Revenue in the Road & Bridge Fund and Fire/Ambulance Fund by \$5,074 and \$5,452, respectively and decreasing Property and Other Local Taxes in the General Fund by \$5,311 and Intergovernmental Revenue in the General Fund by \$5,215 in the General Fund.
- In 2018, a reclassification was made to decrease Public Works by \$1,350 and to increase Principal Retirement by \$1,163 and increase Interest and Fiscal Charges by \$187 in the Gasoline Tax Fund.
- In 2018, a reclassification was made to decrease Capital Outlay by \$14,854 and decrease Public Works by \$2,465 and to increase Principal Retirement by \$15,455 and increase Interest and Fiscal Charges by \$1,864 in the Road & Bridge Fund.
- In 2018, a reclassification was made to increase Miscellaneous Revenue by \$11,163 and decrease Property and Other Local Taxes in the Road & Bridge Fund.
- In 2017, all Rollback money was posted to the General Fund requiring an adjustment to increase Intergovernmental Revenue in the Road & Bridge Fund and Fire/Ambulance Fund by \$6,981 and \$3,336, respectively and decreasing Property and Other Local Taxes in the General Fund by \$10,317.
- In 2017, a reclassification in the amount of \$3,276 was made to increase Intergovernmental Revenue and decrease Property and Other Local Taxes in the General Fund.
- In 2017, a reclassification was made to decrease General Government by \$1,350 and to increase Principal Retirement by \$1,163 and increase Interest and Fiscal Charges by \$187 in the General Fund.
- In 2017, a reclassification was made to decrease Public Works by \$2,055 and to increase Principal Retirement by \$1,890 and increase Interest and Fiscal Charges by \$165 in the Gasoline Tax Fund.
- In 2017, a reclassification was made to decrease capital Outlay by \$10,803 and to increase Principal Retirement by \$9,739 and increase Interest and Fiscal Charges by \$1,064 in the Gasoline Tax Fund.
- In 2017, a reclassification was made to decrease Health by \$1,995 and to increase Principal Retirement by \$1,744 and increase Interest and Fiscal Charges by \$251 in the Cemetery Fund.
- In 2017, a reclassification was made to decrease Public Works by \$3,677 and to increase capital Outlay in the Road & Bridge Fund.

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-001**

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.

Reclassifications and adjustments are reflected within the accompanying financial statements and accounting records.

Client Response: We will review all postings and follow proper codes.

**FINDING NUMBER 2018-002**

**Noncompliance**

Ohio Revised Code Chapter 133 allows various methods for subdivisions to incur debt. Section 133.22 allows a subdivision to issue anticipatory securities, Section 133.10 allows anticipation securities in anticipation of current property tax revenues, Section 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 Section 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 2018, the Township signed a promissory note with a local bank to repair roads in the amount of \$65,250. 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 any future debt.

Client Response: We will follow the ORC moving forward.

**AUBURN TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2018**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2016-001	Noncompliance ORC 5705.41(D), expenditures made prior to certification	Yes	Finding No Longer Valid
2016-002	Material Weakness Accuracy of revenue posting	No	Not Corrected Stated as Finding 2018-001

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# OHIO AUDITOR OF STATE KEITH FABER



**AUBURN TOWNSHIP**

**TUSCARAWAS 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  
OCTOBER 1, 2019**