

**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2013 - DECEMBER 31, 2014**





# Dave Yost • Auditor of State

Board of Trustees  
Hocking Township  
1175 Cincinnati-Zanesville Road  
Lancaster, Ohio 43130

We have reviewed the *Independent Auditors' Report* of Hocking Township, Fairfield County, prepared by Wolfe, Wilson & Agin, CPAs, Inc., for the period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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. Hocking 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

June 25, 2015

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**HOCKING TOWNSHIP  
FAIRFIELD COUNTY  
JANUARY 1, 2013 - DECEMBER 31, 2014**

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

**INDEPENDENT AUDITORS' REPORT**

Hocking Township  
Fairfield County  
1175 Cincinnati-Zanesville Road  
Lancaster, Ohio 43130

To the Township Trustees:

**Report on the Financial Statements**

We have audited the accompanying financial statements and related notes of the Hocking Township, Fairfield County, as of and for the years ended December 31, 2014 and 2013.

**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 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code 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, 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 Hocking Township, Fairfield County as of December 31, 2014 and 2013, 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 Hocking Township, Fairfield County as of December 31, 2014 and 2013, 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 1.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated May 19, 2015, on our consideration of Hocking 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 19, 2015

**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 53,556	\$ 271,471	\$ -	\$ 325,027
Charges for Services	-	110,039	-	110,039
Licenses, Permits and Fees	-	9,854	-	9,854
Intergovernmental	55,014	141,379	-	196,393
Earnings on Investments	7,038	260	-	7,298
Miscellaneous	2,480	7,743	-	10,223
<b>Total Cash Receipts</b>	<u>118,088</u>	<u>540,746</u>	<u>-</u>	<u>658,834</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	113,166	13,286	-	126,452
Public Safety	-	263,617	-	263,617
Public Works	64,944	136,329	-	201,273
Health	18,121	-	-	18,121
Conservation/Recreation	84	-	-	84
Capital Outlay	-	-	195,753	195,753
Debt Service:				
Redemption of Principal	16,320	7,964	-	24,284
Interest and Other Fiscal Charges	13,821	-	-	13,821
<b>Total Cash Disbursements</b>	<u>226,456</u>	<u>421,196</u>	<u>195,753</u>	<u>843,405</u>
<b>Excess of Cash Receipts Over/(Under) Cash Disbursements</b>	(108,368)	119,550	(195,753)	(184,571)
<b>Other Cash Financing Receipts (Disbursements)</b>				
Other Financing Sources	63	-	-	63
<b>Total Other Cash Financing Receipts (Disbursements)</b>	<u>63</u>	<u>-</u>	<u>-</u>	<u>63</u>
<b>Net Change in Fund Cash Balances</b>	(108,305)	119,550	(195,753)	(184,508)
<b>Fund Cash Balances, January 1</b>	<u>1,658,355</u>	<u>421,293</u>	<u>323,655</u>	<u>2,403,303</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	540,843	127,902	668,745
Unassigned (Deficit)	1,550,050	-	-	1,550,050
<b>Fund Cash Balances, December 31</b>	<u>\$ 1,550,050</u>	<u>\$ 540,843</u>	<u>\$ 127,902</u>	<u>\$ 2,218,795</u>

See notes to financial statements.



**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 52,395	\$ 238,061	\$ -	\$ 290,456
Charges for Services	-	88,542	-	88,542
Licenses, Permits and Fees	-	7,712	-	7,712
Intergovernmental	37,722	153,099	-	190,821
Earnings on Investments	2,964	257	159	3,380
Miscellaneous	53,823	24,463	-	78,286
<b>Total Cash Receipts</b>	<u>146,904</u>	<u>512,134</u>	<u>159</u>	<u>659,197</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	154,103	9,941	-	164,044
Public Safety	16,006	268,764	-	284,770
Public Works	33,371	259,521	-	292,892
Health	17,109	-	-	17,109
Conservation/Recreation	121	-	-	121
Capital Outlay	-	2,959	473,340	476,299
Debt Service:				
Redemption of Principal	17,341	11,946	-	29,287
Interest and Other Fiscal Charges	12,800	-	-	12,800
<b>Total Cash Disbursements</b>	<u>250,851</u>	<u>553,131</u>	<u>473,340</u>	<u>1,277,322</u>
<b>Excess of Cash Receipts Over/(Under) Cash Disbursements</b>	(103,947)	(40,997)	(473,181)	(618,125)
<b>Other Cash Financing Receipts (Disbursements)</b>				
Transfers-In	-	60,000	75,000	135,000
Other Financing Uses	(14)	-	-	(14)
Transfers-Out	(135,000)	-	-	(135,000)
<b>Total Other Cash Financing Receipts (Disbursements)</b>	<u>(135,014)</u>	<u>60,000</u>	<u>75,000</u>	<u>(14)</u>
<b>Net Change in Fund Cash Balances</b>	(238,961)	19,003	(398,181)	(618,139)
<b>Fund Cash Balances, January 1</b>	<u>1,897,316</u>	<u>402,290</u>	<u>721,836</u>	<u>3,021,442</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	421,293	323,655	744,948
Unassigned (Deficit)	1,658,355	-	-	1,658,355
<b>Fund Cash Balances, December 31</b>	<u>\$ 1,658,355</u>	<u>\$ 421,293</u>	<u>\$ 323,655</u>	<u>\$ 2,403,303</u>

See notes to financial statements.

**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Hocking Township, Fairfield 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 and fire protection. Police protection is provided by the Fairfield County Sheriff Department.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

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.

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

**B. 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.

**C. Deposits and Investments**

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

**D. Fund Accounting**

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

**General Fund**

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

**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

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

**D. Fund Accounting (Continued)**

**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 & Bridge Fund** – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

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

**Capital Projects Funds**

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

**Capital Project Equipment Fund** – This fund accounts for receipts restricted to acquiring or constructing major capital projects.

**E. 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 2014 and 2013 budgetary activity appears in Note 3.

**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

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

**F. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

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

**G Property, Plant and Equipment**

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

**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

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

**H. Accumulated Leave**

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

**2. EQUITY IN POOLED 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:

	2014	2013
Demand deposits	\$ 1,281,795	\$ 1,403,303
Certificate of Deposit	1,000,000	1,000,000
Total	\$ 2,218,795	\$ 2,403,303

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 88,840	\$ 118,151	\$ 29,311
Special Revenue	459,922	540,746	80,824
Total	\$ 548,762	\$ 658,897	\$ 110,135

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 380,381	\$ 226,456	\$ 153,925
Special Revenue	848,838	421,196	427,642
Capital Projects	323,224	195,753	127,471
Total	\$ 1,552,443	\$ 843,405	\$ 709,038

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 94,679	\$ 146,904	\$ 52,225
Special Revenue	534,016	572,134	38,118
Capital Projects	-	75,159	75,159
Total	\$ 628,695	\$ 794,197	\$ 165,502

**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**3. BUDGETARY ACTIVITY (Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 513,856	\$ 385,865	\$ 127,991
Special Revenue	832,486	553,131	279,355
Capital Projects	591,763	473,340	118,423
Total	\$ 1,938,105	\$ 1,412,336	\$ 525,769

**4. 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.

**5. DEBT**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest rate
Ohio Public Works Commission - Snoke Road Improvement	\$ 15,929	0.00%
Kingston National Bank - Fire House Construction	406,541	3.30%
Total	\$ 422,470	

The Township entered into a loan agreement during 2006 for the Snoke Road project. This loan agreement was made with the Ohio Public Works Commission in the amount of \$79,643 at an interest rate of 0.00% for a term of ten years payable semi-annually. This is paid from the MVL Fund

The Township entered into a agreement during 2012 for the construction of a fire house. This agreement was made with the Kingston National Bank in the amount of \$440,202 at an interest rate of 3.307% for a term of twenty years, payable semi-annually. This is paid from the General Fund

**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**5. DEBT (Continued)**

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

Year Ended December 31	Snoke Road-OPWC	Fire House
2015	\$ 7,965	\$ 30,141
2016	7,964	30,141
2017	-	30,141
2018	-	30,141
2019	-	30,141
2020-2024	-	150,705
2025-2029	-	150,705
2030-2034	-	90,256
Total	<u>\$ 15,929</u>	<u>\$ 542,371</u>

**6. RETIREMENT SYSTEMS**

The Township’s full-time employees and elected officials 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 2014 and 2013, 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, 2014.

**7. RISK MANAGEMENT**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) 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, 2014, 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.

**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**7. RISK MANAGEMENT (Continued)**

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2014 and 2013 (the latest information available):

	2014	2013
Assets	\$35,970,263	\$34,954,286
Liabilities	(8,912,432)	(8,486,363)
Retained Earnings	\$27,057,831	\$26,467,923

At December 31, 2014 and 2013, respectively, the liabilities above include approximately \$8.2 and \$7.9 million of estimated incurred claims payable. The assets above also include approximately \$7.2 and \$7.4 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$9,360.

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	
2014	\$18,000
2013	17,457

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.



**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.**

Hocking Township  
Fairfield County  
1175 Cincinnati-Zanesville Road  
Lancaster, Ohio 43130

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 Hocking Township, Fairfield County as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated May 19, 2015, 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 Hocking 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 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.

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.. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Hocking 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain matters not requiring inclusion in this report that we have reported to the management of Hocking Township in a separate letter dated May 19, 2015.

***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 19, 2015



# Dave Yost • Auditor of State

**HOCKING TOWNSHIP**

**FAIRFIELD COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 7, 2015**