



Dave Yost • Auditor of State



NOTTINGHAM TOWNSHIP  
HARRISON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Nottingham Township  
Harrison County  
81199 Redeye Road  
Freeport, Ohio 43973

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Nottingham Township, Harrison County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014.

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

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

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

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

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

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

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, 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 Nottingham Township, Harrison County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2016, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



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

July 18, 2016

**NOTTINGHAM TOWNSHIP  
HARRISON COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$16,040	\$39,457	\$0	\$55,497
Charges for Services	0	500	0	500
Licenses, Permits and Fees	0	9,950	0	9,950
Intergovernmental	23,555	104,299	20,569	148,423
Earnings on Investments	13	26	0	39
Miscellaneous	1,219	33,945	33,560	68,724
<i>Total Cash Receipts</i>	<u>40,827</u>	<u>188,177</u>	<u>54,129</u>	<u>283,133</u>
<b>Cash Disbursements</b>				
Current:				
General Government	28,396	0	0	28,396
Public Safety	0	11,066	0	11,066
Public Works	0	122,182	0	122,182
Health	764	7,559	0	8,323
Capital Outlay	467	1,012	56,414	57,893
Debt Service:				
Principal Retirement	0	6,100	0	6,100
Interest and Fiscal Charges	0	1,571	0	1,571
<i>Total Cash Disbursements</i>	<u>29,627</u>	<u>149,490</u>	<u>56,414</u>	<u>235,531</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>11,200</u>	<u>38,687</u>	<u>(2,285)</u>	<u>47,602</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	0	2,285	2,285
Transfers Out	(2,285)	0	0	(2,285)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,285)</u>	<u>0</u>	<u>2,285</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	8,915	38,687	0	47,602
<i>Fund Cash Balances, January 1</i>	<u>48,252</u>	<u>119,847</u>	<u>0</u>	<u>168,099</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	158,534	0	158,534
Assigned	49,317	0	0	49,317
Unassigned	7,850	0	0	7,850
<i>Fund Cash Balances, December 31</i>	<u>\$57,167</u>	<u>\$158,534</u>	<u>\$0</u>	<u>\$215,701</u>

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

**NOTTINGHAM TOWNSHIP  
HARRISON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$15,026	\$39,646	\$54,672
Licenses, Permits and Fees	0	6,850	6,850
Intergovernmental	11,695	98,477	110,172
Earnings on Investments	32	56	88
Miscellaneous	2,396	42,460	44,856
	<b>29,149</b>	<b>187,489</b>	<b>216,638</b>
 <b>Cash Disbursements</b>			
Current:			
General Government	30,674	2,000	32,674
Public Safety	0	8,469	8,469
Public Works	0	128,337	128,337
Health	844	7,650	8,494
Capital Outlay	166	8,893	9,059
Debt Service:			
Principal Retirement	6,000	5,900	11,900
Interest and Fiscal Charges	0	1,919	1,919
	<b>37,684</b>	<b>163,168</b>	<b>200,852</b>
<i>Total Cash Disbursements</i>	<b>37,684</b>	<b>163,168</b>	<b>200,852</b>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<b>(8,535)</b>	<b>24,321</b>	<b>15,786</b>
Special Item	5,087	0	5,087
<i>Net Change in Fund Cash Balances</i>	<b>(3,448)</b>	<b>24,321</b>	<b>20,873</b>
<i>Fund Cash Balances, January 1</i>	<b>51,700</b>	<b>95,526</b>	<b>147,226</b>
 <b>Fund Cash Balances, December 31</b>			
Restricted	0	119,847	119,847
Assigned	48,250	0	48,250
Unassigned	2	0	2
	<b>48,252</b>	<b>119,847</b>	<b>168,099</b>
<i>Fund Cash Balances, December 31</i>	<b>\$48,252</b>	<b>\$119,847</b>	<b>\$168,099</b>

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

**NOTTINGHAM TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**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 Nottingham Township, Harrison County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and provides and maintains a community center for public use. The Township contracts with the Deersville Volunteer Fire Department, Freeport Community Volunteer Fire Department, Moorefield Township Volunteer Fire Department and Cadiz Volunteer Fire Department to provide fire services and ambulance services.

The Township participates in a public entity risk pool (the Ohio Plan). Note 7 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.

**B. Accounting Basis**

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

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

**C. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

**NOTTINGHAM TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**C. Fund Accounting (Continued)**

**3. Capital Project 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:

Ohio Public Works Commission Fund - The Township received a grant from the Ohio Public Works Commission to repair a major road slip on Cassville Road. Dominion East Ohio Gas Company donated the additional funding for the completion of the road slip over and above the grant proceeds.

**D. Budgetary Process**

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

**1. Appropriations**

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

**2. 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.

**3. 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 2015 and 2014 budgetary activity appears in Note 3.

**E. Fund Balance**

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

**NOTTINGHAM TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**E. Fund Balance (Continued)**

**1. 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.

**2. 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.

**3. 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 (assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, assigned amounts are reduced first followed by unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**F. 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.

**2. EQUITY IN POOLED DEPOSITS**

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:

	2015	2014
Demand deposits	<u>\$215,701</u>	<u>\$168,099</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 and 2014, follows:

**NOTTINGHAM TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,625	\$40,827	\$16,202
Special Revenue	169,890	188,177	18,287
Capital Projects	56,414	56,414	0
Total	\$250,929	\$285,418	\$34,489

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,130	\$31,912	\$39,218
Special Revenue	288,029	149,490	138,539
Capital Projects	56,414	56,414	0
Total	\$415,573	\$237,816	\$177,757

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,700	\$34,236	\$11,536
Special Revenue	173,628	187,489	13,861
Total	\$196,328	\$221,725	\$25,397

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$140,332	\$37,684	\$102,648
Special Revenue	199,500	163,168	36,332
Total	\$339,832	\$200,852	\$138,980

Contrary to Ohio Rev. Code § 5705.10(D), during 2015, local government receipts in the amount of \$7,830 were incorrectly posted to the Gasoline Tax Fund.

Contrary to Ohio Rev. Code § 5705.39, appropriations exceeded estimated resources in the General Fund by \$65,932 for the year ended December 31, 2014.

**4. PROPERTY TAX**

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

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

**NOTTINGHAM TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2015, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$35,800	3.75%

The Township issued general obligation bonds through the United States Department of Agriculture to finance the purchase of a new tractor and related equipment and a used road grader for Township road maintenance. The Township's taxing authority collateralized the bonds.

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

Year ending December 31:	General Obligation Bonds
2016	\$7,643
2017	7,706
2018	7,659
2019	7,704
2020	7,738
2021	1,660
Total	\$40,110

**6. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to § 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**NOTTINGHAM TOWNSHIP  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. CONTINGENT LIABILITIES**

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

**9. OTHER INFORMATION**

The Township chose not to procure a group health insurance policy. In its place the Township reimbursed the elected officials for their out of pocket premium in accordance with Ohio Rev. Code § 505.601. Beginning in July 2015, the Township ceased the insurance premium reimbursements after receiving information that the Affordable Care Act disallowed this type of insurance arrangement.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Nottingham Township  
Harrison County  
81199 Redeye Road  
Freeport, Ohio 43973

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Nottingham Township, Harrison County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated July 18, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider significant deficiencies. We consider findings 2015-001 through 2015-003 to be significant deficiencies.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2015-003 and 2015-004.

***Township's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

July 18, 2016

**NOTTINGHAM TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2015-001**

**Significant Deficiency**

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 2016) 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 nonspendable, restricted, committed, assigned and unassigned.

The Township did not always record fund balance into accurate classifications.

A portion of the General Fund balance in the amount of \$49,317 and \$48,250, for the years ended December 31, 2015 and 2014, respectively, were improperly classified as Unassigned, but should have been classified as Assigned.

The Township has agreed to the fund balance reclassifications and the reclassifications are reflected in the accompanying financial statements.

The Township should utilize available authoritative resources to appropriately reflect the cash balance in accordance with GASB Statement No. 54 reporting requirements. The Fiscal Officer may refer to Auditor of State Bulletin 2011-004 for additional guidance.

**Officials' Response:** The year-end process on the Uniform Accounting Network (UAN) system is long and confusing. This error was caused by one incorrect response in the lengthy year end process. The Township will strive to study the instructions so that this type of error is not repeated in subsequent year end processes.

**FINDING NUMBER 2015-002**

**Significant Deficiency**

The Township should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

At December 31, 2014, variances existed between the legislatively approved appropriation resolution/amendments, as noted in the minute record, and the amounts posted to the accounting system. The following table details these variances:

**NOTTINGHAM TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**FINDING NUMBER 2015-002  
(Continued)**

**Significant Deficiency (Continued)**

<u>Fund</u>	<u>Amount Per Annual Appropriation Resolution and Approved Amendments</u>	<u>Amounts Posted to the Accounting System</u>	<u>Variance</u>
General	\$140,332	\$71,072	(\$69,260)
Motor Vehicle License Tax	17,675	24,264	6,589
Road and Bridge	14,280	28,575	14,295

As a result, Township officials could have been making decisions based on inaccurate information.

The Fiscal Officer should record appropriations per the Appropriation Resolution, as well as all amendments. In addition, 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 also use this information to determine if they should amend estimated revenues or appropriations.

**Officials' Response:** The amended certificate dated June 16, 2014 shows the corrected budget which was caused by audit adjustments made for the years 2012 & 2013. An amended certificate was obtained and a reduction of appropriations was completed and attached to the minutes along with a report regarding the audit status. The township neglected to make a formal motion to amend the appropriation budget. The township will strive to obtain formal approval for all future appropriation amendments.

**FINDING NUMBER 2015-003**

**Noncompliance and Significant Deficiency**

Ohio Rev. Code § 5705.10(D) states, in part, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. All revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid into the general fund.

During 2015 a Township Supplement payment (i.e., local government monies) from the County Auditor in the amount of \$7,830 was improperly posted to the Gasoline Tax Fund and should have been posted to the General Fund.

This adjustment to which Township management agrees has been posted to the Township's accounting records and is reflected in the accompanying financial statements.

Also during 2014, a portion of a Worker's Compensation refund in the amount of \$542 was posted to the General Fund, but should have been posted to the Gasoline Tax Fund. This adjustment did not require posting to the financial statements.

**NOTTINGHAM TOWNSHIP  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2015-003  
(Continued)**

**Noncompliance and Significant Deficiency – Ohio Rev. Code § 5705.10(D) (Continued)**

The Fiscal Officer should record House Bill 64 Township supplement monies in the Township's General Fund. Also, when receiving rebates from the Bureau of Worker's Compensation the Fiscal Officer should post the monies back to the fund to where the workers compensation expenditure was charged.

**Officials' Response:** The township did not have the information needed to properly post the township supplements. The check memos read "Equal Share & Apportioned Road Miles". The assumption was that the supplements were related to the Gas Tax Fund. Once the township was informed of the proper way to record the receipts the errors were corrected.

**FINDING NUMBER 2015-004**

**Noncompliance**

Ohio Rev. Code § 5705.39 prohibits a political subdivision from making a fund appropriation in excess of the total estimated resources available for expenditure from that fund as certified by the budget commission on the Amended Official Certificates of Estimated Resources. This section also requires the Township to obtain a County Auditor's Certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

For the year ended December 31, 2014, the General Fund appropriations in the amount of \$140,332 exceeded the estimated resources of \$74,400 by \$65,932. Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative fund balances.

The Fiscal Officer should ensure that total appropriations for each fund are within the estimated resources for each fund to avoid possible deficit spending.

**Officials' Response:** The amended certificate dated June 16, 2014 shows the corrected budget which was caused by audit adjustments made for the years 2012 & 2013. An amended certificate was obtained and a reduction of appropriations was completed and attached to the minutes along with a report regarding the audit status. The township neglected to make a formal motion to amend the appropriation budget. The township will strive to obtain formal approval for all future appropriation amendments.

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# Dave Yost • Auditor of State

**NOTTINGHAM TOWNSHIP**

**HARRISON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 18, 2016**