

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358



Certified Public Accountants, A.C.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY
Regular Audit**

For the Years Ended December 31, 2016 and 2015

www.perrycpas.com

...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
Good Hope Township
25890 Buena Vista Road
Rockbridge, Ohio 43149

We have reviewed the *Independent Auditor's Report* of the Good Hope Township, Hocking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Good Hope 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

September 8, 2017

This page intentionally left blank.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2016	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	12
Schedule of Audit Findings	14
Schedule of Prior Audit Findings	17

This page intentionally left blank.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

INDEPENDENT AUDITOR'S REPORT

June 28, 2017

Good Hope Township
Hocking County
25890 Buene Vista Road
Rockbridge, OH 43149

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 **Good Hope Township**, Hocking County, (the Township) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code 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 opinions.



...***"bringing more to the table"***...

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
• Association of Certified Anti - Money Laundering Specialists •



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 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 92,487	\$ 144,605	\$ 60,723	\$ -	\$ 297,815
Intergovernmental	30,130	182,529	-	12,000	224,659
Earnings on Investments	201	76	29	-	306
Miscellaneous	3,531	5,877	23	-	9,431
<i>Total Cash Receipts</i>	<u>126,349</u>	<u>333,087</u>	<u>60,775</u>	<u>12,000</u>	<u>532,211</u>
Cash Disbursements					
Current:					
General Government	67,057	-	-	-	67,057
Public Safety	9,080	44,947	1,809	-	55,836
Public Works	-	164,005	-	-	164,005
Health	2,629	-	-	-	2,629
Capital Outlay	-	54,112	-	12,000	66,112
Debt Service:					
Principal Retirement	-	16,179	11,461	-	27,640
Interest and Fiscal Charges	-	2,068	494	-	2,562
<i>Total Cash Disbursements</i>	<u>78,766</u>	<u>281,311</u>	<u>13,764</u>	<u>12,000</u>	<u>385,841</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	47,583	51,776	47,011	-	146,370
Other Financing Receipts (Disbursements)					
Transfers In	4,494	43,867	-	-	48,361
Transfers Out	-	-	(48,361)	-	(48,361)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>4,494</u>	<u>43,867</u>	<u>(48,361)</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	52,077	95,643	(1,350)	-	146,370
<i>Fund Cash Balances, January 1</i>	<u>28,074</u>	<u>128,382</u>	<u>4,191</u>	<u>-</u>	<u>160,647</u>
Fund Cash Balances, December 31					
Restricted	-	183,221	2,841	-	186,062
Committed	-	40,804	-	-	40,804
Unassigned	80,151	-	-	-	80,151
<i>Fund Cash Balances, December 31</i>	<u>\$ 80,151</u>	<u>\$ 224,025</u>	<u>\$ 2,841</u>	<u>\$ -</u>	<u>\$ 307,017</u>

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

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 82,363	\$ 140,303	\$ 58,990	\$ 281,656
Intergovernmental	22,774	97,288	-	120,062
Earnings on Investments	223	-	-	223
Miscellaneous	5,903	431	-	6,334
<i>Total Cash Receipts</i>	<u>111,263</u>	<u>238,022</u>	<u>58,990</u>	<u>408,275</u>
Cash Disbursements				
Current:				
General Government	76,107	-	-	76,107
Public Safety	12,134	72,780	1,752	86,666
Public Works	-	171,513	-	171,513
Capital Outlay	-	28,575	-	28,575
Debt Service:				
Principal Retirement	-	10,183	51,999	62,182
Interest and Fiscal Charges	-	1,579	3,607	5,186
<i>Total Cash Disbursements</i>	<u>88,241</u>	<u>284,630</u>	<u>57,358</u>	<u>430,229</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	23,022	(46,608)	1,632	(21,954)
Other Financing Receipts				
Note Proceeds	-	28,575	-	28,575
<i>Total Other Financing Receipts</i>	<u>-</u>	<u>28,575</u>	<u>-</u>	<u>28,575</u>
<i>Net Change in Fund Cash Balances</i>	23,022	(18,033)	1,632	6,621
<i>Fund Cash Balances, January 1</i>	<u>5,052</u>	<u>146,415</u>	<u>2,559</u>	<u>154,026</u>
Fund Cash Balances, December 31				
Restricted	-	95,892	4,191	100,083
Committed	-	32,490	-	32,490
Assigned	4,456	-	-	4,456
Unassigned	23,618	-	-	23,618
<i>Fund Cash Balances, December 31</i>	<u>\$ 28,074</u>	<u>\$ 128,382</u>	<u>\$ 4,191</u>	<u>\$ 160,647</u>

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

GOOD HOPE TOWNSHIP
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Good Hope Township, Hocking County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection and emergency medical services. The Township is zoned.

Note 2 - Summary of Significant Accounting Policies

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.

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

Road and Bridge Fund The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Fire Levy Fund The fund receives property tax money to provide emergency services.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

General Note Retirement Fund This fund receives property tax money to pay debt for purchase of a fire truck.

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 project funds:

Chip and Seal Fund This fund receives on behalf money from Ohio Public Works Commission through the Hocking County Engineer for chip and seal of Township roads.

GOOD HOPE TOWNSHIP
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. 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 Section 117-2-03 (D) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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. The Township did not encumber all commitments required by Ohio Law.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

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.

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.

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.

GOOD HOPE TOWNSHIP
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2- Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 75,872	\$ 130,843	\$ 54,971
Special Revenue	278,049	376,954	98,905
Debt Service	63,505	60,775	(2,730)
Capital Projects	12,000	12,000	-
Total	<u>\$ 429,426</u>	<u>\$ 580,572</u>	<u>\$ 151,146</u>

GOOD HOPE TOWNSHIP
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 3 – Budgetary Activity (Continued)

2016 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 108,689	\$ 78,766	\$ 29,923
Special Revenue	328,943	281,311	47,632
Debt Service	62,125	62,125	-
Capital Projects	12,000	12,000	-
Total	\$ 511,757	\$ 434,202	\$ 77,555

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 68,800	\$ 111,263	\$ 42,463
Special Revenue	283,643	266,597	(17,046)
Debt Service	61,937	58,990	(2,947)
Total	\$ 414,380	\$ 436,850	\$ 22,470

2015 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 108,145	\$ 92,697	\$ 15,448
Special Revenue	389,434	293,217	96,217
Debt Service	59,899	57,358	2,541
Total	\$ 557,478	\$ 443,272	\$ 114,206

Note 4 – 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:

	2016	2015
Demand Deposits	<u>\$307,017</u>	<u>\$160,647</u>
Total Deposits	<u>\$307,017</u>	<u>\$160,647</u>

Deposits

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

GOOD HOPE TOWNSHIP
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 5 – Property Taxes

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

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.

Note 6 - Interfund Activity

The General Note Retirement Fund had received monies from real estate taxes for the purchase of a new fire truck. The note was paid off on June 9, 2016. An unexpended balance of \$48,361 related to the purchase of the fire truck remained. In 2016, a resolution by the Board of Trustees on November 10, 2016 approved to transfer the balance of the note retirement fund to the general fund, \$4,494 and fire levy fund, \$43,867. Common Pleas Court approved the transfer on December 8, 2016.

Note 7 - Risk Management

Commercial Insurance

The Township has obtained commercial insurance through Ohio Public Risks Insurance Agency, Inc., for the following risks:

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

GOOD HOPE TOWNSHIP
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 8 – Defined Benefit Pension Plans (Continued)

Social Security

For 2015, one Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Note 9 – 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, contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding as of December 31, 2016 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2013 Dump Truck Notes	\$ 22,895	2.65%
2015 Dump Truck Notes	<u>33,302</u>	2.95%
Total	<u><u>\$ 56,197</u></u>	

A property tax levy was approved in 2011 to fund the purchase of a fire truck and a debt service fund was established to receive the levy monies. The Township entered into a loan agreement to purchase the fire truck for emergency services. The fire truck loan was paid off in 2016.

The Township entered into a loan agreement in 2013 to purchase a dump truck for road maintenance. The payments for the dump truck are paid from the Road and Bridge fund. In 2015 the Township entered into a loan agreement to purchase a dump truck for road maintenance. The payments for the dump truck are paid from the Gasoline Tax Fund. These loans are supported by the full faith and credit of the Township.

Year ending December 31:	<u>2013 Dump Truck Notes</u>	<u>2015 Dump Truck Notes</u>
2017	\$ 6,321	\$ 11,762
2018	6,169	11,762
2019	6,018	11,761
2020	<u>5,866</u>	<u>-</u>
Total:	<u><u>\$ 24,374</u></u>	<u><u>\$ 35,285</u></u>

GOOD HOPE TOWNSHIP
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the state government. 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.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

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

June 28, 2017

Good Hope Township
Hocking County
25890 Buene Vista Road
Rockbridge, OH 43149

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 **Good Hope Township**, Hocking County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 28, 2017, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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 audit findings as items 2016-002 and 2016-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 28, 2017.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

GOOD HOPE TOWNSHIP
HOCKING COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-001

Material Weakness

Posting Receipts, Disbursements and Fund Balances

Receipts, disbursements and fund balances should be posted to the proper fund and line item accounts. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2016 and 2015, receipts, disbursements and fund balances were not always posted correctly. The following posting errors were noted:

- Gasoline excise tax receipt received from the County were recorded as Bed Tax in the General fund instead of Intergovernmental in the Gasoline Tax fund in 2015;
- Interest earned on depository accounts was not posted to the UAN system in 2015;
- Debt proceeds and capital outlay disbursement were not recorded for the purchase of a new dump truck in 2015;
- Fund balances in the Road and Bridge Fund related to inside millage were misclassified as Restricted instead of Committed in 2016 and 2015.

Not posting receipts, disbursements and fund balances accurately resulted in the financial statements requiring several adjustments and reclassifications. The financial statements reflect all adjustments and reclassifications. The Township has made the adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts, disbursements and fund balances are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting receipts and disbursements. The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances.

Officials' Response – We did not receive a response from officials to this finding.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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

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

FINDING NUMBER 2016-002

Noncompliance

Debt

Ohio Rev. 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 elector of the subdivision the question is issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In 2015, the Township signed a promissory note with a local bank to purchase a Dump Truck for \$28,575. This type of debt does not meet the criteria for any of the debt allowed in Ohio Revised Code Chapter 133. Failure to comply with the Ohio Revised Code could result in improper use of Township money.

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 that the Township contact their legal counsel before incurring future debt.

Officials' Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2016-003

Noncompliance

Ohio Admin. Code Section 117-2-02(C)(1) states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts.

At December 31, 2016, approved estimated receipts did not agree to the Township's ledgers as follows:

Fund	Estimated Receipts as Approved	Estimated Receipts per the System	Variance
General	75,872	109,381	(33,509)
Motor Vehicle License Tax	12,000	12,200	(200)
Gasoline Tax	78,000	81,300	(3,300)
Road and Bridge	63,600	58,500	5,100
Fire District	81,659	67,061	14,598
Road District	32,790	30,000	2,790
Debt Service	63,505	58,000	5,505

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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

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

FINDING NUMBER 2016-003 (Continued)

Noncompliance (Continued)

At December 31, 2015, approved estimated receipts did not agree to the Township's ledgers as follows:

Fund	Estimated Receipts as Approved	Estimated Receipts per the System	Variance
General	68,800	105,674	(36,874)
Motor Vehicle License Tax	13,200	13,144	56
Gasoline Tax	84,500	84,319	181
Road and Bridge	61,941	66,453	(4,512)
Fire District	58,627	58,605	22
Road District	36,800	36,770	30
Debt Service	61,937	66,349	(4,412)

As a result, management lost some degree of budgetary control since budgetary information was being improperly entered into the system.

We recommend posting estimated receipts as certified by the County Budget Commission. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Officials' Response – We did not receive a response from officials to this finding.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Posting receipts, disbursements, and fund balances	No	Repeated as Finding 2016-001
2014-002	Board monitoring controls	Yes	Corrected
2014-003	Bank reconciliations	Yes	Corrected
2014-004	Payroll withholding allocations	Yes	Corrected
2014-005	Improper form of debt issuance	No	Repeated as Finding 2016-002
2014-006	Negative fund balance	Yes	Corrected
2014-007	Budgetary controls	No	Partially corrected, included in management letter.
2014-008	Budgeted receipts and appropriations	No	Repeated as Finding 2016-003
2014-009	Salary overpayment	No	Partially corrected, underpaid in 2016-2015; in management letter

This page intentionally left blank.



Dave Yost • Auditor of State

GOOD HOPE TOWNSHIP

HOCKING 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
SEPTEMBER 21, 2017**