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1907 Grand Central Ave.
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1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358



**GOSHEN TOWNSHIP
CLERMONT COUNTY
Regular Audit**

For the Years Ended December 31, 2016 and 2015

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Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
Goshen Township
6757 Goshen Road
Goshen, Ohio 45122-9208

We have reviewed the *Independent Auditor's Report* of Goshen Township, Clermont 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 Goshen Township is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 8, 2017

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GOSHEN TOWNSHIP
CLERMONT COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
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

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INDEPENDENT AUDITOR'S REPORT

June 9, 2017

Goshen Township
Clermont County
6757 Goshen Road
Goshen, Ohio 45122

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 **Goshen Township**, Clermont 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.



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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 Goshen Township, Clermont 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 9, 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

**GOSHEN TOWNSHIP
CLERMONT 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 315,488	\$ 3,294,015	\$ -	\$ 3,609,503
Charges for Services	-	437,008	-	\$437,008
Licenses, Permits and Fees	162,239	48,709	-	210,948
Fines and Forfeitures	-	12,816	-	12,816
Intergovernmental	124,257	783,573	-	907,830
Earnings on Investments	888	163	-	1,051
Miscellaneous	3,627	65,477	-	69,104
<i>Total Cash Receipts</i>	<u>606,499</u>	<u>4,641,761</u>	<u>-</u>	<u>5,248,260</u>
Cash Disbursements				
Current:				
General Government	411,890	285,909	4,957	702,756
Public Safety	-	3,417,255	30,336	3,447,591
Public Works	-	549,875	-	549,875
Health	49,000	58,489	-	107,489
Capital Outlay	1,250	232,091	322,500	555,841
Debt Service:				
Principal Retirement	72,508	52,492	-	125,000
Interest and Fiscal Charges	47,819	-	-	47,819
<i>Total Cash Disbursements</i>	<u>582,467</u>	<u>4,596,111</u>	<u>357,793</u>	<u>5,536,371</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>24,032</u>	<u>45,650</u>	<u>(357,793)</u>	<u>(288,111)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	-	2,000,000	2,000,000
Transfers In	45,100	-	-	45,100
Transfers Out	(45,100)	-	-	(45,100)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>
<i>Net Change in Fund Cash Balances</i>	24,032	45,650	1,642,207	1,711,889
<i>Fund Cash Balances, January 1</i>	<u>902,309</u>	<u>1,303,542</u>	<u>27,124</u>	<u>2,232,975</u>
Fund Cash Balances, December 31				
Restricted	-	1,349,192	1,669,331	3,018,523
Unassigned	926,341	-	-	926,341
<i>Fund Cash Balances, December 31</i>	<u>\$ 926,341</u>	<u>\$ 1,349,192</u>	<u>\$ 1,669,331</u>	<u>\$ 3,944,864</u>

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

**GOSHEN TOWNSHIP
CLERMONT 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 319,606	\$ 3,355,745	\$ -	\$ 3,675,351
Charges for Services	-	446,953	-	\$446,953
Licenses, Permits and Fees	153,116	44,419	-	197,535
Fines and Forfeitures	-	5,075	-	5,075
Intergovernmental	126,922	675,992	12,250	815,164
Earnings on Investments	1,196	181	-	1,377
Miscellaneous	14,263	648,284	-	662,547
<i>Total Cash Receipts</i>	<u>615,103</u>	<u>5,176,649</u>	<u>12,250</u>	<u>5,804,002</u>
Cash Disbursements				
Current:				
General Government	375,787	7,646	-	383,433
Public Safety	-	3,460,484	-	3,460,484
Public Works	-	543,170	-	543,170
Health	48,889	59,068	-	107,957
Capital Outlay	3,110	840,390	12,250	855,750
Debt Service:				
Principal Retirement	72,508	52,492	-	125,000
Interest and Fiscal Charges	50,319	-	-	50,319
<i>Total Cash Disbursements</i>	<u>550,613</u>	<u>4,963,250</u>	<u>12,250</u>	<u>5,526,113</u>
<i>Excess of Receipts Over Disbursements</i>	<u>64,490</u>	<u>213,399</u>	<u>-</u>	<u>277,889</u>
Transfers In	57,045			57,045
Transfers Out	(57,045)			(57,045)
Advances In	623,298	606,104	-	1,229,402
Advances Out	(623,298)	(606,104)	-	(1,229,402)
<i>Total Other Financing Receipts</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	64,490	213,399	-	277,889
<i>Fund Cash Balances, January 1</i>	<u>837,819</u>	<u>1,090,143</u>	<u>27,124</u>	<u>1,955,086</u>
Fund Cash Balances, December 31				
Restricted	-	1,303,542	27,124	1,330,666
Unassigned	902,309	-	-	902,309
<i>Fund Cash Balances, December 31</i>	<u>\$ 902,309</u>	<u>\$ 1,303,542</u>	<u>\$ 27,124</u>	<u>\$ 2,232,975</u>

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

GOSHEN TOWNSHIP
CLERMONT 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 Goshen Township, Clermont 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, cemetery maintenance, fire protection and emergency medical services. The Township is zoned.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in one related organization and the Ohio Plan Risk Management Inc. (OPRM) public entity risk pool. Notes 7 and 10 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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:

Ambulance Fund The ambulance fund receives property tax money to provide emergency medical services.

Fire Fund The fire fund receives property tax money to provide for fire protection.

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:

AFG FEMA Grant – This fund is used to account for the Township's Firefighter's Assistance Grant activity.

Miscellaneous Capital Projects Fund – This fund is used for the construction of the Township's new fire station.

GOSHEN TOWNSHIP
CLERMONT COUNTY

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015
(Continued)

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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

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.

GOSHEN TOWNSHIP
CLERMONT COUNTY

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015
(Continued)

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	\$ 642,998	\$ 651,599	\$ 8,601
Special Revenue	4,516,402	4,641,761	125,359
Capital Projects	2,000,000	2,000,000	-
Total	\$ 7,159,400	\$ 7,293,360	\$ 133,960

GOSHEN TOWNSHIP
CLERMONT COUNTY

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015
(Continued)

Note 3 – Budgetary Activity (Continued)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 661,367	\$ 627,567	\$ 33,800
Special Revenue	4,818,660	4,596,111	222,549
Capital Projects	2,020,000	357,793	1,662,207
Total	\$ 7,500,027	\$ 5,581,471	\$ 1,918,556

Fund Type	Receipts	Receipts	Variance
General	\$ 663,550	\$ 672,148	\$ 8,598
Special Revenue	5,102,930	5,176,649	73,719
Capital Projects	12,250	12,250	-
Total	\$ 5,778,730	\$ 5,861,047	\$ 82,317

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 633,744	\$ 607,658	\$ 26,086
Special Revenue	5,224,369	4,963,250	261,119
Capital Projects	12,250	12,250	-
Total	\$ 5,870,363	\$ 5,583,158	\$ 287,205

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	\$ 3,943,364	\$ 2,231,475
Certificates of deposit	1,500	1,500
Total deposits	\$ 3,944,864	\$ 2,232,975

Deposits

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

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.

GOSHEN TOWNSHIP
CLERMONT COUNTY

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015
(Continued)

Note 5 – Property Taxes (Continued)

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 - Debt

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

	Principal	Interest Rate
2012 General Obligation Bonds	\$ 1,895,000	2%
2016 General Obligation Bonds	2,000,000	3.5%
Total	\$ 3,895,000	

In 2012, the Township issued a partial refunding on the 2004 Administrative Building Bonds that were used to finance a new administrative building.

In 2016, the Township issued general obligation bonds to finance the construction of a new firehouse for fire and emergency services. The Township's taxing authority collateralized the bonds.

Amortization of the above debt is scheduled as follows:

Year Ended	2012 General Obligation Bond
2017	\$ 130,000
2018	125,000
2019	130,000
2020	130,000
2021	140,000
2022-2026	745,000
2027-2029	495,000
Total	\$ 1,895,000

Year Ended	2016 General Obligation Bond
2017	\$ 40,891
2018	42,322
2019	43,803
2020	45,336
2021	46,923
2022-2026	260,429
2027-2031	309,309
2032-2036	367,363
2037-2041	436,312
2042-2045	407,312
Total	\$ 2,000,000

GOSHEN TOWNSHIP
CLERMONT COUNTY

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015
(Continued)

Note 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 Section 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.

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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 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, 2015 and 2014 (the latest information available).

	2015	2014
Cash and investments	\$ 14,643,667	\$ 14,830,185
Actuarial liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$ 5,531,637</u>	<u>\$ 5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Two employees and three 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.

GOSHEN TOWNSHIP
CLERMONT COUNTY

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015
(Continued)

Note 8 - Defined Benefit Pension Plans (Continued)

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 and 2015.

Ohio Police and Fire Retirement System

Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2016.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer 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, and OP&F contributes 0.5 percent to fund these benefits.

Note 10 - Related Organizations

Goshen Township has one related organization; the Goshen Park District. The Goshen Park District was established for the betterment, operation, maintenance, and/or administration of park and recreation land and programs within Goshen Township. Members of the Governing Board of the Park District are related to Goshen Township's Board of Trustees through membership or initial appointment.

Note 11 – Contingent Liabilities

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



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

June 9, 2017

Goshen Township
Clermont County
6757 Goshen Road
Goshen, Ohio 45122

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 **Goshen Township**, Clermont 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 9, 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.

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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 a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 9, 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

**GOSHEN TOWNSHIP
CLERMONT 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 Balance Classification

The Township should have procedures and controls in place to prevent and detect errors in financial reporting. Fund Balances should be properly classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

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

- Disbursements were coded as Other Financing Users instead of General Government in 2015;
- A portion of a homestead rollback receipt received from the State was recorded as Property and Other Local Taxes instead of Intergovernmental in 2015;
- Bond proceeds were recorded as a Special Item instead of Other Debt Proceeds in 2016;
- Lighting District encumbered fund balance was incorrectly reported as Committed instead of Restricted in 2016 and 2015.

Not posting receipts, disbursements and fund balances accurately resulted in the financial statements requiring several reclassifications and adjusting entries. The Financial Statements reflect all reclassifications and adjustments.

In addition to the above items, unadjusted differences were noted in 2015 for an Ohio Dept. of Public Safety Grant as Charges for Services instead of Intergovernmental Receipts in the Fire District Fund. We also noted unadjusted differences in 2015 for a Manufactured Homes rollback receipt recorded as Property and Other Local Taxes instead of Intergovernmental.

To help ensure accuracy and reliability in the financial reporting process, we recommend 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.

The Fiscal Officer should refer to the Ohio Township Handbook for the proper classification and take additional care in posting transactions to the Township's ledger and annual financial report in order to ensure the Township's year-end financial statement reflect the appropriate sources and uses of the Township's receipts and disbursements. The fiscal officer should also refer to Auditor of State Technical Bulletin 2011-004 for information on fund and fund balance classifications.

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

GOSHEN TOWNSHIP
CLERMONT 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 (Continued)

FINDING NUMBER 2016-002

Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 33% of the expenditures tested for 2016 and for 16% of the expenditures tested for 2015.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

**GOSHEN TOWNSHIP
CLERMONT 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 (Continued)**

FINDING NUMBER 2016-002 (Continued)

Noncompliance (Continued)

To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

Management's 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 and remaining uncommitted balances of appropriations.

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	591,505	574,505	17,000
Zoning	72,045	69,045	3,000
Gasoline Tax	136,055	127,055	9,000
Road and Bridge	212,599	198,599	14,000
Cemetery	63,250	68,250	(5,000)
Police	620,623	615,623	5,000
Fire District	1,214,605	1,210,605	4,000
Ambulance	929,275	883,275	46,000
Safety Service Levy	842,289	828,289	14,000
Fire & EMS Levy	869,806	855,806	14,000
Drug Law Enforcement	10,400	15,400	(5,000)
Enforcement and Education	850	4,850	(4,000)
Lighting District	55,000	50,000	5,000

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
Fire & EMS Levy	781,446	872,378	(90,932)

GOSHEN TOWNSHIP
CLERMONT 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 (Continued)

FINDING NUMBER 2016-003 (Continued)

Noncompliance (Continued)

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

Fund	Appropriations as Approved	Appropriations per the System	Variance
Safety Service Levy	853,025	862,244	(9,219)
Fire & EMS Levy	868,410	875,095	(6,685)

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 and appropriations as approved by the Board only after receiving approval. 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.

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

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Dave Yost • Auditor of State

GOSHEN TOWNSHIP

CLERMONT 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 26, 2017**