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



Certified Public Accountants, A.C.

**GREENE TOWNSHIP
TRUMBULL COUNTY
Regular Audit**

For the Years Ended December 31, 2015 and 2014

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Dave Yost • Auditor of State

Board of Trustees
Greene Township
8964 State Route 46
North Bloomfield, Ohio 44450

We have reviewed the *Independent Auditor's Report* of Greene Township, Trumbull County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. 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. Greene 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

October 27, 2017

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GREENE TOWNSHIP
TRUMBULL COUNTY

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Independent Auditor's Report

August 11, 2017

Greene Township
Trumbull County
8964 State Route 46
North Bloomfield, Ohio 44450

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 **Greene Township**, Trumbull County, (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 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 1B 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 *Qualified 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.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The accompanying financial statements present receipts and disbursements by fund types only. Ohio Administrative Code Section 117-2-02(A) requires Townships to classify receipt and disbursement transactions.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Greene Township, Trumbull County as of December 31, 2015 and 2014, and its combined unclassified cash receipts and unclassified cash 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 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.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

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

**GREENE TOWNSHIP
TRUMBULL 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	Totals (Memorandum Only)
Cash Receipts			
Cash Receipts	\$ 55,088	\$ 148,502	\$ 203,590
<i>Total Cash Receipts</i>	55,088	148,502	203,590
Cash Disbursements			
Cash Disbursements	65,434	137,600	203,034
<i>Total Cash Disbursements</i>	65,434	137,600	203,034
<i>Net Change in Fund Cash Balances</i>	(10,346)	10,902	556
<i>Fund Cash Balances, January 1</i>	37,372	201,960	239,332
Fund Cash Balances, December 31			
Restricted	-	212,862	212,862
Unassigned	27,026	-	27,026
<i>Fund Cash Balances, December 31</i>	\$ 27,026	\$ 212,862	\$ 239,888

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

**GREENE TOWNSHIP
TRUMBULL COUNTY**

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

	Fiduciary Fund Type
	Private Purpose Trust
Operating Cash Receipts	
Cash Receipts	\$ -
<i>Total Operating Cash Receipts</i>	-
Operating Cash Disbursements	
Cash Disbursements	-
<i>Total Operating Cash Disbursements</i>	-
<i>Net Change in Fund Cash Balances</i>	-
<i>Fund Cash Balances, January 1</i>	4,252
<i>Fund Cash Balances, December 31</i>	\$ 4,252

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

**GREENE TOWNSHIP
TRUMBULL COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Cash Receipts	\$ 52,106	\$ 170,446	\$ 222,552
<i>Total Cash Receipts</i>	<u>52,106</u>	<u>170,446</u>	<u>222,552</u>
Cash Disbursements			
Cash Disbursements	60,666	122,281	182,947
<i>Total Cash Disbursements</i>	<u>60,666</u>	<u>122,281</u>	<u>182,947</u>
<i>Net Change in Fund Cash Balances</i>	(8,560)	48,165	39,605
<i>Fund Cash Balances, January 1</i>	<u>45,932</u>	<u>153,795</u>	<u>199,727</u>
Fund Cash Balances, December 31			
Restricted	-	201,960	201,960
Assigned	<u>37,372</u>	<u>-</u>	<u>37,372</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 37,372</u>	<u>\$ 201,960</u>	<u>\$ 239,332</u>

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

**GREENE TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Fiduciary Fund Type
	Private Purpose Trust
Operating Cash Receipts	
Cash Receipts	\$ -
<i>Total Operating Cash Receipts</i>	-
Operating Cash Disbursements	
Cash Disbursements	-
<i>Total Operating Cash Disbursements</i>	-
<i>Net Change in Fund Cash Balances</i>	-
<i>Fund Cash Balances, January 1</i>	4,252
<i>Fund Cash Balances, December 31</i>	\$ 4,252

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

**GREENE TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 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 Greene Township, Trumbull 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 emergency medical services. The Township contracts with the Greene Volunteer Fire & Rescue, Inc. to provide fire protection.

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA), is a risk-sharing pool available to Ohio townships.

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 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).

The Township did not classify its receipts and disbursements in the accompanying financial statements. This is a material departure from the requirements of Ohio Administrative Code Section 117-2-02(A). The Ohio Administrative Code Section requires classifying receipts and disbursements.

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.

C. Deposits

The Township Fiscal Officer invests all available funds of the Township in an interest-bearing checking account.

D. Fund Accounting

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

1. General Fund

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

**GREENE TOWNSHIP
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 Funds:

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

Fire Operating Levy Fund - This fund receives property tax money for the purpose of purchasing fire equipment and contracting with Greene Township Volunteer Fire & Rescue, Inc.

Fire District Fund - This fund receives property tax money from a levy for the purpose of purchasing fire equipment for the Greene Township Volunteer Fire Department.

3. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds are for the benefit of certain individuals for cemetery grave upkeep and maintenance.

E. 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also 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 cancelled and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**GREENE TOWNSHIP
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant and Equipment

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

**GREENE TOWNSHIP
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2015	2014
Demand Deposits	\$ 244,140	\$ 243,584
Total Deposits	244,140	243,584

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

3. BUDGETARY ACTIVITY

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

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,888	\$ 55,088	\$ 200
Special Revenue	82,076	148,502	66,426
Total	\$ 136,964	\$ 203,590	\$ 66,626

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 122,781	\$ 65,434	\$ 57,347
Special Revenue	227,155	137,600	\$ 89,555
Fiduciary	1,400	-	\$ 1,400
Total	\$ 351,336	\$ 203,034	\$ 148,302

**GREENE TOWNSHIP
TRUMBULL COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 50,664	\$ 52,106	\$ 1,442
Special Revenue	177,762	170,446	(7,316)
Fiduciary	5	-	(5)
Total	\$ 228,431	\$ 222,552	\$ (5,879)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 112,463	\$ 60,666	\$ 51,797
Special Revenue	227,740	122,281	105,459
Fiduciary	4,255	-	4,255
Total	\$ 340,203	\$ 182,947	\$ 161,511

Contrary to Ohio law, total appropriations exceeded total estimated resources in the MVL Fund, Gasoline Tax Fund, Cemetery Fund and the Fire Levy Fund for the year ended 2015. Also contrary to Ohio Law, expenditures exceeded appropriations in the Gasoline Tax Fund for the year ended 2015. The Township also did not properly encumbered all purchases. Also contrary to Ohio law, the Township had a negative fund balance in the Cemetery Fund for year ended 2015.

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.

5. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. 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 2015 and 2014, OPERS members contributed 10.0% of their gross salaries, and the Township contributed an amount equaling 14.0% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**GREENE TOWNSHIP
TRUMBULL COUNTY**

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

6. RISK MANAGEMENT

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**GREENE TOWNSHIP
TRUMBULL COUNTY**

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

6. RISK MANAGEMENT (Continued)

<u>Contributions to OTARMA</u>	
<u>2015</u>	<u>2014</u>
\$4,064	\$4,038

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. 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.



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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**

August 11, 2017

Greene Township
Trumbull County
8964 State Route 46
North Bloomfield, OH 44450

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 **Greene Township**, Trumbull County, (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 August 11, 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. We also qualified our opinion due to the Township not classifying receipts and disbursements.

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 Entity'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 certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2015-001 through 2015-006 to be material weaknesses.



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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 2015-002, 2015-003 and 2015-007 through 2015-010.

Entity's Response to Findings

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

Purpose of this Report

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



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

**GREENE TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness

Posting Receipts, Disbursements, and Fund Balances

The Township should have procedures and controls in place to help 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.

Receipts, disbursements, and fund balances were not always posted or classified correctly. The following errors were noted:

- Property tax rollback receipts were improperly recorded entirely to the General Fund in 2015 instead of to the General, Road and Bridge, Fire and EMS and Fire Levy Fund.
- A disbursement was improperly made out of the Cemetery Bequest fund that should have been made out of the General Fund in 2014.
- In 2015 and 2014, the Township did not properly classify fund balances.

Not posting receipts, disbursements, or classifying fund balances accurately resulted in the financial statements requiring reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend the 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 proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. We also recommend the Fiscal Officer refer to Auditor of State Bulletin 2011-004 to determine proper classification of Fund Balances.

Management’s Response – The Fiscal Officer will be reviewing recommended documents. The management will be performing draft document reviews and possibly utilize an independent source for review as well.

FINDING NUMBER 2015-002

Material Weakness/Noncompliance

Ohio Revised Code Section 117.38 states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Township did not file the 2014 and 2015 Annual Financial Reports with the Auditor of State’s office within the 60 day requirement.

Management’s Response – The Township will be obtaining the UAN accounting computerized system to efficiently file annual financial reports. The Fiscal Officer will be producing filing verifications to the Trustees.

**GREENE TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

Material Weakness/Noncompliance

Ohio Revised Code Section 505.24(C), sets forth the method by which township trustees' compensation should be allocated. This section is amplified by Ohio Attorney General (OAG) Opinion 2004-006. This section requires that compensation of a township trustee must be paid from the Township General Fund or from such other township funds, in such proportions as the Board may specify by resolution. In addition, trustees are to establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service performed, in a manner similar to trustees paid per diem compensation.

During 2014 and 2015, the Fiscal Officer apportioned a Trustee's salary to the Gasoline Tax Fund. There was no documentation provided by the Trustee during 2014 and 2015 to support the salary allocations to funds other than the General Fund. As a result, the Gasoline Tax Fund was incorrectly charged \$8,490 in 2014 and \$8,490 in 2015. These amounts should be allocated to the General Fund, \$8,490 in 2014 and \$8,490 in 2015.

We recommend all Trustees' salaries be paid according to administrative procedures established to document the proportionate amount of trustees' salaries chargeable to other township funds.

As a result, adjustments were made in order to fairly present the annual financial statements. The financial statements reflect these adjustments and all adjustments have been made to the Township's accounting system.

Management's Response – This matter has been corrected in 2017.

FINDING NUMBER 2015-004

Material Weakness

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.36 (A)(1) relating to certification of estimated resources and beginning balances;
- Violations of 5705.38 relating to not passing annual appropriation resolution in 2015.
- Violations of 5705.39 indicating appropriations cannot exceed estimated resources;
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations);
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds.

**GREENE TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-004 (Continued)

Material Weakness (Continued)

Budgetary Controls (Continued)

In addition, The Township did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Board of Trustees and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Township officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. We recommend the Township implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

The Board does not monitor for budgetary compliance. Although the Board approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure budgetary forms are properly completed, submitted to the County Budget Commission timely.

The Board should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Township is complying with applicable sections. We recommend the Township establish a procedure that ensures budgetary forms are submitted to the County accurately and timely. This could include a checklist of forms and due dates. Council should also consider the need to move from a manual system to a computerized system that will incorporate budgetary requirements. If the Board does not consider this necessary steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

Management's Response – The Township is acquiring the UAN accounting system. The Township will adopt a checklist. The Township will be participating in the option for a notarized copy of the budgetary documents to be returned upon filing.

FINDING NUMBER 2015-005

Material Weakness

Bank Reconciliations

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. The amount on the reconciliation did not match the accounting records for either 2014 or 2015. The lack of proper reconciliations among the bank statements and ledgers resulted in numerous errors which remained uncorrected until the audit.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total book balance. Copies of bank reconciliations should be presented to the Board of Trustees for review, approval, and use in managing by the Board of Trustees. The Fiscal Officer should reconcile activity entered in the accounting system to the bank balance.

Management's Response – Copies of the Bank Reconciliations will be provided by the 15th of each month.

**GREENE TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-006

Material Weakness

Supporting Documentation

During testing of various transactions, and miscellaneous receipts it was determined that supporting documentation was not maintained for the following:

- Supporting documentation such as invoice was not maintained for 1 out of 15 transactions tested in 2014.
- Supporting documentation such as invoice was not maintained for 2 out of 19 transactions tested in 2015.
- Supporting documentation such as receipt support was not maintained for 1 out of 2 miscellaneous receipts tested in 2014.
- Supporting documentation such as receipt support was not maintained for 1 out of 2 miscellaneous receipts tested in 2015.

We were not able to perform additional testing to gain assurances for the disbursements and miscellaneous receipts above. The lack of adequate supporting documentation increases the possibility the Township could be paying for unallowable items or losing out on revenue.

The Township should maintain detailed support for all financial activity. The Township should establish procedures to ensure invoices are maintained and receipt support is on file. This will help ensure the Township is paying for allowable items and receiving the correct amount of revenue.

Management's Response – The Fiscal Officer will be reviewing proper documentation. The Township may also pursue independent review.

FINDING NUMBER 2015-007

Noncompliance

26 U.S.C. Section 3402 and Ohio Rev. Code Section 5747.06 requires every employer, including the state and its political subdivisions making payments of any compensation to an employee who is a taxpayer, to deduct and withhold from such compensation for each payroll period a tax substantially equivalent to the tax reasonably estimated to be due under this chapter with respect to the amount of such compensation included in his adjusted gross income during the calendar year.

The Fiscal Officer did not submit the Form 941 quarterly reports timely as required by the IRS for the first two quarters of 2014. In addition, there was only support provided for three quarters of state taxes remitted during 2015 and three of the state tax payments in 2014 were filed late.

The Township may incur penalties to the Internal Revenue Service and State of Ohio due to delayed remittance of withholding taxes.

We recommend the Fiscal Officer remit the required amounts and file the required reports when completing the last payroll of each quarter to avoid accrual of interest and penalties.

Management's Response – Payroll is now computerized for payment verification.

**GREENE TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-008

Noncompliance

Ohio Revised Code Section 9.38 states that public money must be deposited with the treasurer of the public office *or* to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day following the date of receipt.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the first business day following the date of receipt.

We noted several receipts from Trumbull County and the State of Ohio that were not deposited timely and therefore had to be reissued during 2016 and 2017.

We recommend the Township take steps to ensure deposits are made timely as required by Ohio Revised Code. In addition, the Township could adopt the above-mentioned policy to allow deposits of less than \$1,000 to be deposited within three business days.

Management's Response – The Township will be reviewing the current policy and adopting a new one.

FINDING NUMBER 2015-009

Noncompliance

26 Code of Federal Regulations Section 1.6041-2 provides that wages, as defined in 26 United States Code Section 3401 should be reported on a Form W-2, or "all other payments of compensation" are to be reported on a form 1099". 26 United States 3402 states "...every employer making payment of wages shall deduct and withhold upon such wages as determined in accordance with the tables or computation procedures prescribed by the Secretary of the Treasury".

The Township did not issue an IRS Form 1099 to an individual for independent contractor services rendered during 2015.

The Township should issue a Form 1099 to all independent, unincorporated contractors to whom the Township pays \$600 or more in a given calendar year.

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

**GREENE TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-010

Noncompliance

Ohio Rev. Code Section 507.03 prescribes minimum bond requirements for the Fiscal Officer for terms beginning after November 5, 2005 based on the annual budget of the Township. The Township's budget according to the official Certificate of Estimated Resources for 2014 and 2015 was between \$500,001 and \$750,000, which would require a minimum bond of \$85,000 for the Fiscal Officer. There was no evidence that a bond was obtained during the audit period.

Ohio Revised Code Section 505.02 requires a minimum bond amount for Trustees of \$1,000 and is not tied to the budget of the Township. The Township did not provide evidence of bond coverage for any of the Trustees during 2014 and 2015.

We recommend the Trustees seek a bond to meet the minimum bond requirement for the Fiscal Officer and the Trustees.

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

**GREENE TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Posting Receipts, Disbursements, and Fund Balances	No	Repeated as Finding 2015-001
2013-002	Ohio Revised Code 117.38 Filing annual reports	No	Repeated as Finding 2015-002
2013-003	Ohio Revised Code 505.24(C) Trustee compensation allocation	No	Repeated as Finding 2015-003
2013-004	Ohio Revised Code 5705.14, 5705.15, 5705.16 Transfer of funds	Yes	Finding No Longer Valid
2013-005	Ohio Revised Code 5705.36(A)(1) Certify available resources for expenditure	No	Repeated as Finding 2015-004
2013-006	Ohio Revised Code 5705.38 Filing Annual Appropriation	No	Repeated as Finding 2015-004
2013-007	Ohio Revised Code 5705.41(D) Certifying expenditures	No	Repeated as Finding 2015-004
2013-008	Ohio Revised Code 9.38 Timely deposits	No	Repeated as Finding 2015-008
2013-009	Ohio Revised Code 5747.06 Remitting payroll taxes timely	No	Repeated as Finding 2015-007

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Dave Yost • Auditor of State

GREENE TOWNSHIP

TRUMBULL 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
NOVEMBER 9, 2017**