



**Certified Public Accountants, A.C.**

**NEAVE TOWNSHIP  
DARKE COUNTY  
Regular Audit  
For the Years Ended December 31, 2017 and 2016**

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Marietta, OH 45750  
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1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

104 South Sugar St.  
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# Dave Yost • Auditor of State

Board of Trustees  
Neave Township  
3023 Ridge Drive  
Greenville, OH 45331

We have reviewed the *Independent Auditor's Report* of the Neave Township, Darke County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. 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 Neave Township is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

June 28, 2018

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NEAVE TOWNSHIP  
DARKE COUNTY

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## INDEPENDENT AUDITOR'S REPORT

May 15, 2018

Neave Township  
Darke County  
3023 Ridge Drive  
Greenville, Ohio 45331

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 **Neave Township**, Darke County, (the Township) as of and for the years ended December 31, 2017 and 2016.

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

***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, 2017 and 2016, 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 cash balances, receipts and disbursements by fund type, and related notes of Neave Township, Darke County as of December 31, 2017 and 2016, and 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 May 15, 2018, 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



**NEAVE TOWNSHIP  
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  | General           | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|--|-------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                 |                   |                    |                     |                                |
| Property and Other Local Taxes                       | \$ 90,097         | \$ 81,185          | \$ -                | \$ 171,282                     |
| Charges for Services                                 | 6,480             | -                  | -                   | 6,480                          |
| Licenses, Permits and Fees                           | -                 | 10,990             | -                   | 10,990                         |
| Intergovernmental                                    | 29,930            | 105,317            | -                   | 135,247                        |
| Special Assessments                                  | -                 | 2,607              | -                   | 2,607                          |
| Earnings on Investments                              | 1,630             | 1,205              | -                   | 2,835                          |
| Miscellaneous  | 2,724             | 5,070              | -                   | 7,794                          |
| <i>Total Cash Receipts</i>                           | <u>130,861</u>    | <u>206,374</u>     | <u>-</u>            | <u>337,235</u>                 |
| <b>Cash Disbursements</b>                            |                   |                    |                     |                                |
| Current:   |                   |                    |                     |                                |
| General Government                                   | 81,458            | 11,309             | -                   | 92,767                         |
| Public Safety  | -                 | 57,192             | -                   | 57,192                         |
| Public Works   | 26,774            | 144,963            | -                   | 171,737                        |
| Health   | 16,091            | 11,014             | -                   | 27,105                         |
| Capital Outlay                                       | 1,267             | 127                | 3,981               | 5,375                          |
| <i>Total Cash Disbursements</i>                      | <u>125,590</u>    | <u>224,605</u>     | <u>3,981</u>        | <u>354,176</u>                 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>5,271</u>      | <u>(18,231)</u>    | <u>(3,981)</u>      | <u>(16,941)</u>                |
| <b>Other Financing Receipts</b>                      |                   |                    |                     |                                |
| Transfers In   | 10                | -                  | -                   | 10                             |
| <i>Total Other Financing Receipts</i>                | <u>10</u>         | <u>-</u>           | <u>-</u>            | <u>10</u>                      |
| <i>Net Change in Fund Cash Balances</i>              | 5,281             | (18,231)           | (3,981)             | (16,931)                       |
| <i>Fund Cash Balances, January 1</i>                 | <u>482,937</u>    | <u>656,304</u>     | <u>35,752</u>       | <u>1,174,993</u>               |
| <b>Fund Cash Balances, December 31</b>               |                   |                    |                     |                                |
| Restricted   | -                 | 575,067            | -                   | 575,067                        |
| Committed  | -                 | 63,006             | 31,771              | 94,777                         |
| Assigned   | 283,489           | -                  | -                   | 283,489                        |
| Unassigned   | 204,729           | -                  | -                   | 204,729                        |
| <i>Fund Cash Balances, December 31</i>               | <u>\$ 488,218</u> | <u>\$ 638,073</u>  | <u>\$ 31,771</u>    | <u>\$ 1,158,062</u>            |

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

**NEAVE TOWNSHIP  
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | <u>Private Purpose<br/>Trust</u> |
|---|----------------------------------|
| <b>Operating Cash Receipts:</b>           |                                  |
| Earnings on Investments                   | <u>\$ -</u>                      |
| <i>Total Cash Receipts</i>                | <u>-</u>                         |
| <b>Operating Cash Disbursements:</b>      |                                  |
| Supplies and Materials                    | <u>10</u>                        |
| <i>Total Operating Cash Disbursements</i> | <u>10</u>                        |
| Operating (Loss) before Transfers         | (10)                             |
| Transfers Out                             | <u>(10)</u>                      |
| <i>Net Change in Fund Cash Balances</i>   | (20)                             |
| <i>Fund Cash Balances, January 1</i>      | <u>596</u>                       |
| <i>Fund Cash Balances, December 31</i>    | <u><u>\$ 576</u></u>             |

The accompanying notes are an integral part of the financial statements.

**NEAVE TOWNSHIP**  
**DARKE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Neave Township, Darke 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 and cemetery maintenance. The Township contracts with the New Madison Fire Department and Liberty Township to provide fire services and Tri Village Rescue to provide ambulance services. The Township appropriates Fire Levy fund money to support these contracts.

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

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

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

***Road and Bridge Fund*** This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

***Permanent Improvement Fund*** This fund was established for the construction of major capital projects.

**NEAVE TOWNSHIP**  
**DARKE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Fiduciary Fund*** 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.

***Ralph Myers Bequest Fund*** This fund is used for the general maintenance and upkeep of the Ralph Myers grave site.

***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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 4.

***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.

**NEAVE TOWNSHIP**  
**DARKE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(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 - Compliance**

Contrary to Ohio law, appropriations exceeded estimated resources in the Capital Projects fund by \$47,298 for the year ended December 31, 2017.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

| 2017 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$ 146,620           | \$ 130,871         | \$ (15,749) |
| Special Revenue                   | 190,550              | 206,374            | 15,824      |
| Capital Projects                  | -                    | -                  | -           |
| Fiduciary                         | 1                    | -                  | (1)         |
| Total                             | \$ 337,171           | \$ 337,245         | \$ 74       |

**NEAVE TOWNSHIP**  
**DARKE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 4 – Budgetary Activity (Continued)**

| 2017 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| General   | \$ 418,625                 | \$ 126,814                | \$ 291,811 |
| Special Revenue                                       | 492,435                    | 224,892                   | 267,543    |
| Capital Projects                                      | 83,050                     | 3,981                     | 79,069     |
| Fiduciary   | 61                         | 20                        | 41         |
| Total   | \$ 994,171                 | \$ 355,707                | \$ 638,464 |

**Note 5 – Deposits and Investments**

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

|                                | 2017         |
|--------------------------------|--------------|
| Demand deposits                | \$ 47,052    |
| Certificates of deposit        | 406,901      |
| Gold Premier Savings           | 204,083      |
| Bequest Savings                | 602          |
| Total deposits                 | 658,638      |
| Sweep Account                  | 500,000      |
| Total investments              | 500,000      |
| Total deposits and investments | \$ 1,158,638 |

***Deposits***

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

***Investments***

At December 31, 2017, the Township held investments; however, the Township did not have an investment policy in place (contrary to Ohio Rev. Code Section 135.14). The Township's financial institution transfers securities to the Township's agent to collateralize the sweep account. The securities are not in the Township's name. A financial institution's trust department holds the Township's equity securities in book entry form in the Township's name.

**Note 6 – 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.

**NEAVE TOWNSHIP**  
**DARKE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 7 - Risk Management**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (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, 2016, 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, 2016 (the latest information available):

|              | <b>2016</b>  |
|--------------|--------------|
| Assets       | \$38,473,283 |
| Liabilities  | 8,244,140    |
| Net Position | \$30,229,143 |

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$1,000.

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.

**NEAVE TOWNSHIP**  
**DARKE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 7 - Risk Management (Continued)**

|   |
|---|
| <b><u>2017</u></b><br><b><u>Contributions to</u></b><br><b><u>OTARMA</u></b><br><br>\$2,330 |
|---|

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.

**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.

The Ohio Revised Code also prescribes contribution rates. For 2017, 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, 2017.

**Note 9 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1 percent during calendar year 2017.

**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.



**NEAVE TOWNSHIP  
DARKE 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<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|---|-------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                      |                   |                    |                     |                                |
| Property and Other Local Taxes                            | \$ 87,266         | \$ 78,912          | \$ -                | \$ 166,178                     |
| Charges for Services                                      | 6,480             | -                  | -                   | 6,480                          |
| Licenses, Permits and Fees                                | -                 | 8,620              | -                   | 8,620                          |
| Intergovernmental   | 30,149            | 103,875            | -                   | 134,024                        |
| Special Assessments                                       | -                 | 2,365              | -                   | 2,365                          |
| Earnings on Investments                                   | 1,593             | 1,143              | -                   | 2,736                          |
| Miscellaneous   | 701               | 3,900              | -                   | 4,601                          |
| <i>Total Cash Receipts</i>                                | <u>126,189</u>    | <u>198,815</u>     | <u>-</u>            | <u>325,004</u>                 |
| <b>Cash Disbursements</b>                                 |                   |                    |                     |                                |
| Current:  |                   |                    |                     |                                |
| General Government  | 74,850            | 11,866             | -                   | 86,716                         |
| Public Safety   | -                 | 50,550             | -                   | 50,550                         |
| Public Works  | 32,047            | 64,941             | -                   | 96,988                         |
| Health  | 11,196            | 14,301             | -                   | 25,497                         |
| Capital Outlay  | -                 | 96                 | 77,358              | 77,454                         |
| <i>Total Cash Disbursements</i>                           | <u>118,093</u>    | <u>141,754</u>     | <u>77,358</u>       | <u>337,205</u>                 |
| <i>Excess of Receipts Over (Under) Disbursements</i>      | <u>8,096</u>      | <u>57,061</u>      | <u>(77,358)</u>     | <u>(12,201)</u>                |
| <b>Other Financing Receipts &amp; Disbursements</b>       |                   |                    |                     |                                |
| Transfers In  | -                 | -                  | 100,000             | 100,000                        |
| Transfers Out   | (100,000)         | -                  | -                   | (100,000)                      |
| <i>Total Other Financing Receipts &amp; Disbursements</i> | <u>(100,000)</u>  | <u>-</u>           | <u>100,000</u>      | <u>-</u>                       |
| <i>Net Change in Fund Cash Balances</i>                   | <u>(91,904)</u>   | <u>57,061</u>      | <u>22,642</u>       | <u>(12,201)</u>                |
| <i>Fund Cash Balances, January 1</i>                      | <u>574,841</u>    | <u>599,243</u>     | <u>13,110</u>       | <u>1,187,194</u>               |
| <b>Fund Cash Balances, December 31</b>                    |                   |                    |                     |                                |
| Restricted  | -                 | 559,819            | -                   | 559,819                        |
| Committed   | -                 | 96,485             | 35,752              | 132,237                        |
| Assigned  | 272,005           | -                  | -                   | 272,005                        |
| Unassigned  | 210,932           | -                  | -                   | 210,932                        |
| <i>Fund Cash Balances, December 31</i>                    | <u>\$ 482,937</u> | <u>\$ 656,304</u>  | <u>\$ 35,752</u>    | <u>\$ 1,174,993</u>            |

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

**NEAVE TOWNSHIP  
DARKE COUNTY**

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

|   | <u>Private Purpose<br/>Trust</u> |
|---|----------------------------------|
| <b>Operating Cash Receipts:</b>           |                                  |
| Earnings on Investments                   | \$ -                             |
| <i>Total Cash Receipts</i>                | <u>-</u>                         |
| <b>Operating Cash Disbursements:</b>      |                                  |
| Supplies and Materials                    | <u>16</u>                        |
| <i>Total Operating Cash Disbursements</i> | <u>16</u>                        |
| <i>Net Change in Fund Cash Balances</i>   | (16)                             |
| <i>Fund Cash Balances, January 1</i>      | <u>612</u>                       |
| <i>Fund Cash Balances, December 31</i>    | <u><u>\$ 596</u></u>             |

The accompanying notes are an integral part of the financial statements.

**NEAVE TOWNSHIP**  
**DARKE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Neave Township, Darke 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 and cemetery maintenance. The Township contracts with the New Madison Fire Department and Liberty Township to provide fire services and Tri Village Rescue to provide ambulance services. The Township appropriates Fire Levy fund money to support these contracts.

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

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

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

***Fire District Fund*** This fund receives property tax money derived from a 1.3 mil fire levy to pay for fire protection services and capital related expenditures.

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

***Permanent Improvement Fund*** This fund was established for the construction of major capital projects.

**NEAVE TOWNSHIP**  
**DARKE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Fiduciary Fund*** 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.

***Ralph Myers Bequest Fund*** This fund is used for the general maintenance and upkeep of the Ralph Myers grave site.

***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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 4.

***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.

**NEAVE TOWNSHIP**  
**DARKE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(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 - Compliance**

Contrary to Ohio law, appropriations exceeded estimated resources in the Capital Projects fund by \$90,365 for the year ended December 31, 2016.

**Note 4 – Budgetary Activity**

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

| 2016 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$ 137,040           | \$ 126,189         | \$ (10,851) |
| Special Revenue                   | 190,062              | 198,815            | 8,753       |
| Capital Projects                  | 25                   | 100,000            | 99,975      |
| Fiduciary                         | 1                    | -                  | (1)         |
| Total                             | \$ 327,128           | \$ 425,004         | \$ 97,876   |

**NEAVE TOWNSHIP**  
**DARKE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 4 – Budgetary Activity (Continued)**

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| General   | \$ 455,205                 | \$ 218,093                | \$ 237,112 |
| Special Revenue                                       | 339,885                    | 141,754                   | 198,131    |
| Capital Projects                                      | 103,500                    | 77,358                    | 26,142     |
| Fiduciary   | 62                         | 16                        | 46         |
| Total   | \$ 898,652                 | \$ 437,221                | \$ 461,431 |

**Note 5 – Deposits and Investments**

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

|                                | 2016         |
|--------------------------------|--------------|
| Demand deposits                | \$ 66,579    |
| Certificates of deposit        | 404,830      |
| Gold Premier Savings           | 203,568      |
| Bequest Savings                | 612          |
| Total deposits                 | 675,589      |
| Sweep Account                  | 500,000      |
| Total investments              | 500,000      |
| Total deposits and investments | \$ 1,175,589 |

***Deposits***

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

***Investments***

At December 31, 2016, the Township held investments; however, the Township did not have an investment policy in place (contrary to Ohio Rev. Code Section 135.14). The Township's financial institution transfers securities to the Township's agent to collateralize the sweep account. The securities are not in the Township's name. A financial institution's trust department holds the Township's equity securities in book entry form in the Township's name.

**Note 6 – 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.

**NEAVE TOWNSHIP**  
**DARKE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 7 - Risk Management**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (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, 2016, 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, 2016.

|              | <b>2016</b>  |
|--------------|--------------|
| Assets       | \$38,473,283 |
| Liabilities  | 8,244,140    |
| Net Position | \$30,229,143 |

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$1,000.

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.

**NEAVE TOWNSHIP**  
**DARKE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 7 - Risk Management (Continued)**

|   |
|---|
| <b><u>2016</u></b><br><b><u>Contributions to</u></b><br><b><u>OTARMA</u></b><br><br>\$2,322 |
|---|

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.

**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.

The Ohio Revised Code also prescribes contribution rates. For 2016, 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.

**Note 9 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2 percent during calendar year 2016.

**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.





Certified Public Accountants, A.C.

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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**

May 15, 2018

Neave Township  
Darke County  
3023 Ridge Drive  
Greenville, Ohio 45331

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 **Neave Township**, Darke County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated May 15, 2018, 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 2017-001 to be a material weakness.

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

### **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 2017-002 and 2017-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 15, 2018.

### **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*

**NEAVE TOWNSHIP  
DARKE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2017-001**

**Material Weakness**

**Posting Receipts and Classification of Fund Balances**

The Township should have procedures and controls in place to prevent and detect errors in financial reporting. Funds and fund balances should be properly classified based on Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

During 2017 and 2016, receipts and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Homestead rollback receipts received from the State were not properly allocated between funds and posted to Property and Other Local Taxes instead of Intergovernmental in 2017 and 2016;
- First Half delinquent, personal property and manufactured homes property taxes were posted to Intergovernmental instead of Property and Other Local Taxes in 2017;
- Encumbrances in the General Fund were classified as Unassigned instead of Assigned in 2017;
- Budget carryover amounts in the General Fund were classified as Unassigned instead of Assigned fund balance in 2017 and 2016;
- The Permanent Improvement Fund balance should have been classified as Committed instead of Restricted in 2017 and 2016; and
- The Road and Bridge Fund balance should have been classified as Restricted instead of Committed in 2017 and 2016 due to the fund receiving property taxes from inside millage.

Not posting receipts or classifying fund balances accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Township has made these adjustments to their accounting system.

The following errors noted in the Township's financial statements were determined to be immaterial and did not require adjustments to properly present the Township's financial activity:

Governmental Accounting Standards Board (GASB) Statement No. 54 par. 5 (GASB Codification 1800.165), states, in part, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Auditor of State Bulletin 2011-004 further states that the Zoning Fund has no constraint imposed on the resources, either internally or externally, and therefore, must be reported as part of the general fund unassigned balance. During 2017 and 2016, the Township reported the Zoning Fund as part of the Special Revenue funds rather than the General Fund. Therefore, the 2017 General Fund balance beginning balance, receipts, expenditures, and ending balance were understated and the Special Revenue Funds were overstated by \$443; \$990; \$634; and \$799, respectively. The 2016 General Fund balance beginning balance, receipts, expenditures, and ending balance was understated and the Special Revenue Funds were overstated by \$1,224; \$400; \$1,181; and \$443 respectively.

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 sources of revenues are properly identified and classified on the financial statements.

NEAVE TOWNSHIP  
DARKE COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001 (Continued)

Material Weakness (Continued)

Posting Receipts and Classification of Fund Balances (Continued)

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. 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.

FINDING NUMBER 2017-002

Noncompliance

**Ohio Rev. Code Section 5705.39** requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Township to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 2017 and 2016, total appropriations exceeded total estimated resources during the year for the Permanent Improvement Fund by \$47,298 and \$90,365 due to the timing of the supplemental appropriation measure and the date of the increased amended certificate of estimated resources.

The Fiscal Officer and Board should monitor appropriations versus estimated resources to help avoid overspending.

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

FINDING NUMBER 2017-003

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.

**NEAVE TOWNSHIP  
DARKE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
|--|

**FINDING NUMBER 2017-003 (Continued)**

**Noncompliance (Continued)**

At December 31, 2017, approved estimated receipts did not agree to the Township's ledgers as follows:

| Fund                      | Estimated Receipts<br>as Approved | Estimated Receipts<br>per the System | Variance  |
|---------------------------|-----------------------------------|--------------------------------------|-----------|
| General                   | \$ 146,620                        | \$ 134,490                           | \$ 12,130 |
| Motor Vehicle License Tax | 6,700                             | 6,670                                | 30        |
| Gasoline Tax              | 83,000                            | 85,850                               | (2,850)   |
| Road and Bridge           | 21,600                            | 18,060                               | 3,540     |
| Fire 1 <sup>st</sup> Levy | 33,610                            | 30,210                               | 3,400     |
| Fire 2 <sup>nd</sup> Levy | 21,840                            | 19,550                               | 2,290     |
| Zoning                    | 1,000                             | 510                                  | 490       |
| Permissive MVL            | 11,300                            | 11,015                               | 285       |
| Lighting                  | 2,500                             | 2,310                                | 190       |
| Capital Projects          | 0                                 | 50,010                               | (50,010)  |

At December 31, 2017, approved appropriations did not agree to the Township's ledgers as follows:

| Fund                      | Appropriations as<br>Approved | Appropriations per the<br>System | Variance   |
|---------------------------|-------------------------------|----------------------------------|------------|
| General                   | \$ 418,625                    | \$ 420,025                       | \$ (1,400) |
| Road and Bridge           | 88,150                        | 88,170                           | (20)       |
| Fire 1 <sup>st</sup> Levy | 29,020                        | 35,070                           | (6,050)    |
| Fire 2 <sup>nd</sup> Levy | 19,465                        | 22,965                           | (3,500)    |

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.

**NEAVE TOWNSHIP  
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

| <b>Finding Number</b> | <b>Finding Summary</b>             | <b>Fully Corrected?</b> | <b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i></b> |
|-----------------------|------------------------------------|-------------------------|--|
| 2015-001              | Ohio Rev. Code 505.24(D)           | Yes                     | N/A  |
| 2015-002              | Ohio Rev. Code 135.14(B)(4)        | Yes                     | N/A  |
| 2015-003              | Ohio Rev. Cod 117.38 & 117-2-03(D) | No                      | Repeated as Finding 2017-001   |



# Dave Yost • Auditor of State

NEAVE TOWNSHIP

DARKE COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 10, 2018