



Dave Yost • Auditor of State

ATWATER TOWNSHIP
PORTAGE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Atwater Township
Portage County
P.O. Box 9
Atwater, Ohio 44201

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Atwater Township, Portage County, (the "Township") as of and for the years ended December 31, 2014 and 2013.

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.

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles – (Continued)

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, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Atwater Township, Portage Township, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2015, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 15, 2015

**ATWATER TOWNSHIP
PORTAGE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$88,987	\$297,477	\$386,464
Charges for Services		45,573	45,573
Licenses, Permits and Fees	27,499	11,385	38,884
Intergovernmental	116,444	176,637	293,081
Special Assessments		2,210	2,210
Earnings on Investments	125	16	141
Miscellaneous	5,375	3,830	9,205
	<u>238,430</u>	<u>537,128</u>	<u>775,558</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
General Government	166,948	370	167,318
Public Safety		240,266	240,266
Public Works		165,621	165,621
Health		32,624	32,624
Conservation-Recreation	21,506		21,506
Capital Outlay	23,123	61,150	84,273
	<u>211,577</u>	<u>500,031</u>	<u>711,608</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>26,853</u>	<u>37,097</u>	<u>63,950</u>
Other Financing Receipts (Disbursements)			
Transfers In		500	500
Transfers Out	(500)		(500)
Other Financing Sources	1,887		1,887
	<u>1,387</u>	<u>500</u>	<u>1,887</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	28,240	37,597	65,837
<i>Fund Cash Balances, January 1</i>	<u>332,647</u>	<u>620,727</u>	<u>953,374</u>
Fund Cash Balances, December 31			
Restricted		623,367	623,367
Assigned		34,957	34,957
Unassigned (Deficit)	360,887		360,887
	<u>\$360,887</u>	<u>\$658,324</u>	<u>\$1,019,211</u>
<i>Fund Cash Balances, December 31</i>			

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

**ATWATER TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$87,622	\$294,261	\$381,883
Charges for Services		50,283	50,283
Licenses, Permits and Fees	28,575	19,035	47,610
Intergovernmental	42,761	154,417	197,178
Special Assessments		2,705	2,705
Earnings on Investments	179	20	199
Miscellaneous	2,907	2,406	5,313
<i>Total Cash Receipts</i>	<u>162,044</u>	<u>523,127</u>	<u>685,171</u>
Cash Disbursements			
Current:			
General Government	157,624	411	158,035
Public Safety		244,745	244,745
Public Works		174,763	174,763
Health		4,176	4,176
Capital Outlay		8,600	8,600
Debt Service:			
Principal Retirement		13,558	13,558
Interest and Fiscal Charges		610	610
<i>Total Cash Disbursements</i>	<u>157,624</u>	<u>446,863</u>	<u>604,487</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,420</u>	<u>76,264</u>	<u>80,684</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	45		45
Advances In	500	500	1,000
Advances Out	(500)	(500)	(1,000)
Other Financing Sources	50	1,202	1,252
<i>Total Other Financing Receipts (Disbursements)</i>	<u>95</u>	<u>1,202</u>	<u>1,297</u>
Special Item		18,000	18,000
<i>Net Change in Fund Cash Balances</i>	4,515	95,466	99,981
<i>Fund Cash Balances, January 1</i>	<u>328,132</u>	<u>525,261</u>	<u>853,393</u>
Fund Cash Balances, December 31			
Restricted	0	552,873	552,873
Assigned	0	67,854	67,854
Unassigned (Deficit)	332,647	0	332,647
<i>Fund Cash Balances, December 31</i>	<u>\$332,647</u>	<u>\$620,727</u>	<u>\$953,374</u>

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

**ATWATER TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 the Atwater Township, Portage County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

Public Entity Risk Pool:

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.

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).

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 and Investments

The Township holds no investments. They maintain an interest bearing checking account and a high yield savings account. Interest earned is recognized and recorded when received.

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 reported in another fund.

**ATWATER TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (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:

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

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 for the general operation of the Fire department.

Ambulance and Emergency Medical Services Fund - This fund receives charges for services money for the general operation of the Emergency Medical Services department.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**ATWATER TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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 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.

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.

**ATWATER TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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 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:

	2014	2013
Demand deposits	\$1,019,211	\$953,374

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$195,194	\$240,317	\$45,123
Special Revenue	561,755	537,628	(24,127)
Total	\$756,949	\$777,945	\$20,996

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$257,143	\$212,077	\$45,066
Special Revenue	756,639	500,031	256,608
Total	\$1,013,782	\$712,108	\$301,674

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$171,630	\$162,639	(\$8,991)
Special Revenue	496,882	524,829	27,947
Total	\$668,512	\$687,468	\$18,956

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$239,371	\$158,124	\$81,247
Special Revenue	740,948	447,363	293,585
Total	\$980,319	\$605,487	\$374,832

**ATWATER TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

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, 2014, 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.

**ATWATER TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. RISK MANAGEMENT – (Continued)

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, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 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, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$8,247.

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.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2014</u>
\$15,394	\$15,859

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.



Dave Yost • Auditor of State

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

Atwater Township
Portage County
P.O. Box 9
Atwater, Ohio 44201

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 Atwater Township, Portage County, (the "Township") as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 15, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-002 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2014-001 and 2014-003.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

September 15, 2015

**ATWATER TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Noncompliance Citation and Findings for Recovery

The former Fiscal Officer, Trustees, and salaried employees for fiscal years 2014 and 2013 were overpaid by amounts ranging from \$200 to \$1,646. Overpayments were due to receiving an additional check paid that exceeded the contract or Ohio Rev. Code allowable amounts.

Overpayments for 2014 were as follows:

Employee Name	Position	Amount of Overpayment	Fund Charged To
Melvin Russell	Fire Chief	\$615	Fire District Special Revenue Fund
Jesse Baughman	Assistant Fire Chief	300	Fire District Special Revenue Fund
Paula Baughman	Fire Captain	225	Fire District Special Revenue Fund

Overpayments for 2013 were as follows:

Employee Name	Position	Amount of Overpayment	Fund Charged To
Shawn Miller	Fiscal Officer	\$1,414	General
Lynn Whittlesey	Trustee	857	General
John Kovacich	Trustee	430	General
Danny Derreberry	Trustee	430	General
James Donovan	Zoning Inspector	475	General – Repaid under Audit
Rebecca Barthol	Assistant Zoning Inspector	200	General
Tim Whittlesey	Road Supervisor	1,646	Road and Bridge Special Revenue Fund
David Alldredge	Road Employee	1,343	Road and Bridge Special Revenue Fund

**FINDING NUMBER 2014-001
(Continued)**

The Township should review officials and employee payroll records to ensure proper amounts are paid.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against elected officials Shawn Miller, former Fiscal Officer, and her surety, Travelers Casualty and Surety Company of America, Trustees Lynn Whittlesey, John Kovacich, and Danny Derreberry, and their surety, Ohio Township Association Risk Management for the amounts listed above and in favor of the General Fund. In addition, a Finding for Recovery for public monies illegally expended is hereby issued against salaried employees Jim Donovan, Becky Barthol, Tim Whittlesey, David Alldredge, Melvin Russell, Jesse Baughman and Paula Baughman for the amounts listed above and in favor of the General, Road and Bridge and Fire District funds.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No.80-074; Ohio Rev. Code Section 9.39; State , ex. Rel. village of Linndale v. Masten (1985), 18 Ohio St. 3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

The former Fiscal Officer, Shawn Miller, signed the warrants resulting in the improper payments to Lynn Whittlesey, John Kovacich, Danny Derreberry, Jim Donovan, Becky Barthol, Tim Whittlesey, and David Alldredge. Former Fiscal Officer Shawn Miller and her bonding company, Travelers Casualty and Surety Co. will be jointly and severally liable in the amounts of \$2,392 and \$2,989, respectively, in favor of the General Fund and Road and Bridge Special Revenue fund, respectively, to the extent that recovery is not obtained from the above listed employees and officials.

Fiscal Officer Linda Allen signed the warrants resulting in the improper payments to Melvin Russell, Jesse Baughman, and Paula Baughman. Fiscal Officer Linda Allen and her bonding company, Travelers Casualty and Surety Co. will be jointly and severally liable in the amount of \$1,140 and in favor of the Fire District Special Revenue Fund to the extent that recovery is not obtained from the above listed employees.

Official's Response: In the future we will abide by all requirements concerning payroll. We will be correcting this issue by only paying the employees eleven pays in 2015 instead of the normal 12 pays. Shawn Miller, John Kovacich, and Jim Donovan, will be paying us back direct.

FINDING NUMBER 2014-002

Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Fiscal Officer did not correctly post all receipts. This was attributed to the Fiscal Officer not abiding by the adopted chart of accounts. The following reclassification was agreed upon and is reflected in the accompanying financial statements:

FUND	ACCOUNT TYPE	AMOUNT	DESCRIPTION
Reclassification			
General	Property and Other Local Taxes and Intergovernmental Revenue	\$40,714	To reclassify an estate and manufactured homes property tax settlement receipt.

Other errors were identified but were not deemed material.

Failure to consistently properly post all transactions increases the possibility the Township will not be able to identify, assemble, analyze, classify record and report its transactions correctly or to document compliance with finance related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Township is accurately recorded and reported.

Official's Response: We will be abiding by all UAN requirements in the future.

FINDING NUMBER 2014-003

Noncompliance Citation

Ohio Rev. Code § 5705.14 provides that no transfer can be made from one fund of a subdivision to any other fund, by order of the court or otherwise, with certain limited exceptions. The transfers permitted under Ohio Revised Code § 5705.14 require a resolution passed by a two-thirds vote of the members of the taxing authority, except transfers from the general fund, which require a resolution passed by a simple majority. In addition to the transfers permitted under Ohio Revised Code § 5705.14, Ohio Rev. Code § 5705.15 and 5705.16 provide that the taxing authority, with the approval of the Tax Commissioner and the Court of Common Pleas, may transfer from one fund to another, with certain limited exceptions.

**FINDING NUMBER 2014-003
(Continued)**

During 2014 the Township transferred \$4,500 from the Fire District Special Revenue Fund to the Ambulance and Emergency Medical Services Special Revenue Fund, which is contrary to the specific allowable transfers mentioned in the revised code. In addition, the Township did not obtain approval of the Tax Commissioner nor the Court of Common Pleas for this transaction. The Township returned the monies to the Fire District Fund and the adjustment is reflected in the accompanying financial statements.

We recommend the Township make only those transfer transactions permitted by the Ohio Revised Code.

Official's Response: We will abide by all the codes in the future.



Dave Yost • Auditor of State

ATWATER TOWNSHIP

PORTAGE 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 19, 2015**