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**GOOD HOPE TOWNSHIP
HOCKING COUNTY
Regular Audit
For the Years Ended December 31, 2014 and 2013**

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
Good Hope Township
26885 Darl Road
Rockbridge, Ohio 43149

We have reviewed the *Independent Auditor's Report* of Good Hope Township, Hocking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid Under Audit

Ohio Rev. Code § 505.24(A) and (B) set the maximum amounts of compensation for township trustees based on a township's annual budget amount.

The Township's annual budget for 2013 and 2014 fell between \$250,001-\$500,000. Based on this budget amount, Ohio Rev. Code § 505.24(A) and (B) limit the annual salary of the Trustees to \$8,490 annually for each year.

The Township, however, did not pay the Trustees in accordance with the Ohio Revised Code. Trustee Goss was paid \$10,483.96 in 2013, which included \$1,480 from an underpayment of compensation in 2012, and \$9,003.96 for 2014. As a result, Trustee Goss was over-compensated by \$1,027.92.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery is hereby issued for public money illegally expended against Harley Goss, Township Trustee, and his surety company, The Cincinnati Insurance Company, Bond No. 8335182, jointly and severally, in the amount of \$1,027.92 in favor of the General Fund.

This finding was repaid in full on December 10, 2015.

Board of Trustees
Good Hope Township
26885 Darl Road
Rockbridge, Ohio 43149
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Finding for Recovery Repaid Under Audit

Ohio Rev. Code § 505.24(A) and (B) set the maximum amounts of compensation for township trustees based on a township's annual budget amount.

The Township's annual budget for 2013 and 2014 fell between \$250,001-\$500,000. Based on this budget amount, Ohio Rev. Code § 505.24(A) and (B) limit the annual salary of the Trustees to \$8,490 annually for each year.

The Township, however, did not pay the Trustees in accordance with the Ohio Revised Code. Trustee Watkins was paid \$10,483.96 in 2013, which included \$1,480 from an underpayment of compensation in 2012, and \$9,003.96 for 2014. As a result, Trustee Watkins was over-compensated by \$1,027.92.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery is hereby issued for public money illegally expended against Rodney Watkins, Township Trustee, and his surety company, The Cincinnati Insurance Company, Bond No. 8335181, jointly and severally, in the amount of \$1,027.92 in favor of the General Fund.

This finding was repaid in full on December 10, 2015.

Board of Trustees
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Finding for Recovery Repaid Under Audit

Ohio Rev. Code § 505.24(A) and (B) set the maximum amounts of compensation for township trustees based on a township's annual budget amount.

The Township's annual budget for 2013 and 2014 fell between \$250,001-\$500,000. Based on this budget amount, Ohio Rev. Code § 505.24(A) and (B) limit the annual salary of the Trustees to \$8,490 annually for each year.

The Township, however, did not pay the Trustees in accordance with the Ohio Revised Code. Trustee Hacker was paid \$9,003.96 in 2013, and \$9,003.96 for 2014. As a result, Trustee Hacker was over-compensated by \$1,027.92.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery is hereby issued for public money illegally expended against Richard Hacker, Township Trustee, and his surety company, The Cincinnati Insurance Company, Bond No. 0540828, jointly and severally, in the amount of \$1,027.92 in favor of the General Fund.

This finding was repaid in full on December 10, 2015.

Finding for Recovery Repaid Under Audit

Ohio Rev. Code § 507.09 sets the maximum amounts of compensation for township trustees based on a township's annual budget amount.

The Township's annual budget for 2013 and 2014 fell between \$250,001-\$500,000. Based on this budget amount, Ohio Rev. Code § 507.09 limits the annual salary of the Fiscal Officer to \$12,733 annually for each year.

The Township, however, did not pay the Fiscal Officer in accordance with the Ohio Revised Code. Fiscal Officer Tammy Crawford was paid \$16,744 in 2013, which included \$2,599 from an underpayment of compensation in 2012, and \$14,147.04 for 2014. As a result, Fiscal Officer Tammy Crawford was over-compensated by \$2,826.04.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery is hereby issued for public money illegally expended against Tammy Crawford, Fiscal Officer, and her surety company, The Cincinnati Insurance Company, Bond No. 8484245, jointly and severally, in the amount of \$2,826.04 in favor of the General Fund.

Board of Trustees
Good Hope Township
26885 Darl Road
Rockbridge, Ohio 43149
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This finding was repaid in full on December 15, 2015.

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. Good Hope Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

February 17, 2016

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

December 11, 2015

Good Hope Township
Hocking County
26885 Darl Road
Rockbridge, Ohio 43149

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type, and related notes of **Good Hope Township**, Hocking County, (the Township) as of and for the years ended December 31, 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.

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

As described in Note 1B of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *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 Good Hope Township, Hocking County 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 Good Hope Township, Hocking County 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 1B.

Other Reporting Required by Government Auditing Standards

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



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

**GOOD HOPE TOWNSHIP
HOCKING 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	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 82,266	\$ 147,695	\$ 62,025	\$ 291,986
Intergovernmental	21,839	116,249	4,324	142,412
Earnings on Investments	294	-	-	294
Miscellaneous	581	1,160	-	1,741
<i>Total Cash Receipts</i>	<u>104,980</u>	<u>265,104</u>	<u>66,349</u>	<u>436,433</u>
Cash Disbursements				
Current:				
General Government	113,325	-	-	113,325
Public Safety	-	47,622	2,036	49,658
Public Works	-	104,193	-	104,193
Debt Service:				
Principal Retirement	-	17,729	58,486	76,215
Interest and Fiscal Charges	-	2,746	6,707	9,453
<i>Total Cash Disbursements</i>	<u>113,325</u>	<u>172,290</u>	<u>67,229</u>	<u>352,844</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(8,345)	92,814	(880)	83,589
<i>Fund Cash Balances, January 1</i>	<u>13,397</u>	<u>53,601</u>	<u>3,439</u>	<u>70,437</u>
Fund Cash Balances, December 31				
Restricted	-	146,415	2,559	148,974
Assigned	5,052	-	-	5,052
Unassigned (Deficit)	-	-	-	-
<i>Fund Cash Balances, December 31</i>	<u>\$ 5,052</u>	<u>\$ 146,415</u>	<u>\$ 2,559</u>	<u>\$ 154,026</u>

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

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 72,633	\$ 138,415	\$ 59,024	\$ 270,072
Intergovernmental	17,159	122,966	6,588	146,713
Earnings on Investments	143	-	-	143
Miscellaneous	2,029	1,098	-	3,127
<i>Total Cash Receipts</i>	<u>91,964</u>	<u>262,479</u>	<u>65,612</u>	<u>420,055</u>
Cash Disbursements				
Current:				
General Government	116,423	-	-	116,423
Public Safety	-	74,855	1,825	76,680
Public Works	-	179,475	-	179,475
Capital Outlay	-	63,371	-	63,371
Debt Service:				
Principal Retirement	-	21,317	51,801	73,118
Interest and Fiscal Charges	-	1,350	10,079	11,429
<i>Total Cash Disbursements</i>	<u>116,423</u>	<u>340,368</u>	<u>63,705</u>	<u>520,496</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(24,459)	(77,889)	1,907	(100,441)
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	63,322	-	63,322
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>63,322</u>	<u>-</u>	<u>63,322</u>
<i>Net Change in Fund Cash Balances</i>	(24,459)	(14,567)	1,907	(37,119)
<i>Fund Cash Balances, January 1</i>	<u>37,856</u>	<u>68,168</u>	<u>1,532</u>	<u>107,556</u>
Fund Cash Balances, December 31				
Restricted	-	80,040	3,439	83,479
Assigned	6,202	-	-	6,202
Unassigned (Deficit)	7,195	(26,439)	-	(19,244)
<i>Fund Cash Balances, December 31</i>	<u>\$ 13,397</u>	<u>\$ 53,601</u>	<u>\$ 3,439</u>	<u>\$ 70,437</u>

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

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 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 Good Hope Township, Hocking County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection and emergency medical services.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

C. Deposits

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.

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 in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Fire District Levy Fund – This fund receives property tax money to provide emergency services.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

3. Debt Service Funds

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

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

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. The County Budget Commission must also approve the annual appropriation measure. 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 to be reappropriated.

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

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 classified assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balance (Continued)

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 funds 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* amount 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.

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.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

2. EQUITY IN POOLED DEPOSITS

The Township maintains a deposit pool that 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	\$154,026	\$70,437
Total Deposits	\$154,026	\$70,437

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,390	\$ 104,980	\$ 18,590
Special Revenue	238,065	265,104	27,039
Debt Service	61,095	66,349	5,254
Total	\$ 385,550	\$ 436,433	\$ 50,883

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 124,834	\$ 121,600	\$ 3,234
Special Revenue	346,212	184,706	161,506
Debt Service	62,599	67,229	(4,630)
Total	\$ 533,645	\$ 373,535	\$ 160,110

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,390	\$ 91,964	\$ 5,574
Special Revenue	234,765	325,801	91,036
Debt Service	60,000	65,612	5,612
Total	\$ 381,155	\$ 483,377	\$ 102,222

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

3. BUDGETARY ACTIVITY (CONTINUED)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 115,452	\$ 122,625	\$ (7,173)
Special Revenue	322,680	348,248	(25,568)
Capital Projects	64,584	63,705	879
Total	\$ 502,716	\$ 534,578	\$ (31,862)

Contrary to Ohio law, expenses exceeded appropriations in the Debt Service fund in 2014 and the General and Gasoline Tax fund in 2013. Appropriations exceeded estimated resources in the General, Road and Bridge and Fire District funds in 2014 and in the Motor Vehicle License, Gas Tax, Road and Bridge, Road District, and Debt Service funds in 2013.

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. DEBT

Debt outstanding as of December 31, 2014 is as follows:

	Principal
Fire Truck	\$ 63,461
Dump Truck	53,983
Total	\$ 117,444

The Township entered into loan agreements in 2008 to purchase a John Deere tractor for mowing, in 2009 to purchase a Dodge truck with a snow blade for road maintenance and in 2010 to purchase a Ford dump truck for road maintenance. The tractor and Dodge truck loans were paid off in 2013 and the Ford dump truck paid off in 2014.

A property tax levy was approved in 2011 to be used for a fire truck and a debt service fund was established to receive the levy monies. The Township entered into a loan agreement to purchase the fire truck for emergency services. The fire truck debt payments are paid from the Debt Service fund. The Township entered into a loan agreement in 2013 to purchase a dump truck for road maintenance. The payments for the dump truck are paid from the Road and Bridge fund. These loans are supported by the full faith and credit of the Township.

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

5. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Fire Truck	Dump Truck
2015	\$ 57,799	\$ 11,762
2016	54,908	11,762
2017	-	11,762
2018	-	11,762
2019	-	11,762
Total	\$ 112,707	\$ 58,810

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes 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 equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

7. RISK MANAGEMENT

Commercial Insurance

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

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

8. 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.

9. RELATED PARTY TRANSACTIONS

The Township does business with the Fiscal Officer's son and his business TC's Lawncare. The Township hires TC's Lawncare to do mowing and clearing of brush along the roads. The Township paid \$1,950 in 2014 and \$1,940 in 2013 for these services.



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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**

December 11, 2015

Good Hope Township
Hocking County
26885 Darl Road
Rockbridge, Ohio 43149

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the financial statements of **Good Hope Township, Hocking County**, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated December 11, 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) 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.

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. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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. We consider findings 2014-001 through 2014-003 described in the accompanying schedule of audit findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-004 described in the accompanying schedule of audit findings to be a significant deficiency.

...“bringing more to the table”

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

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •

• Association of Certified Anti - Money Laundering Specialists •

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 2014-005 through 2014-009.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 11, 2015.

Purpose of this Report

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



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

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

Posting Receipts, Disbursements and Fund Balances

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be posted properly classified based on Governmental Accounting Standards Statement No. 54.

During 2014 and 2013, receipts, disbursements and fund balances were not always posted correctly. The following posting errors were noted:

- Rollback receipts received from the State were not properly allocated according to the Apportionment sheet in 2013;
- Grant for fire equipment received from the State was recorded as Miscellaneous instead of Intergovernmental in 2013;
- Rollback receipts received from the State were recorded as Property and Other Local Taxes instead of Intergovernmental in 2014;
- Auditor fee repayment received from the County was recorded as Miscellaneous instead of Property and Other Local Taxes in 2014;
- Gasoline excise tax receipts received from the County were recorded as Property and Other Local Taxes in the General fund instead of Intergovernmental in the Gasoline Tax fund in 2013 and 2014;
- Debt payment for the fire truck loan was recorded to Public Safety instead of Principal Retirement and not properly allocated between Principal Retirement and Interest and Fiscal Charges in 2014;
- Federal 941 tax payments were not posted to the UAN system in 2013 and 2014;
- Interest earned on depository accounts was not posted to the UAN system in 2013 and 2014;
- Debt proceeds and capital outlay disbursement were not recorded for the purchase of a new dump truck in 2013;
- Fund balances for outstanding encumbrances in the General fund were misclassified as Unassigned instead of Assigned in 2013 and 2014, however, for 2014 the full amount of the encumbrances (\$8,275) was reduced to avoid a negative unassigned balance;
- Disbursements from the General fund were not from the proper line item in 2013 and 2014.

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

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

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

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

GOOD HOPE TOWNSHIP
HOCKING COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-002

Material Weakness

Board Monitoring Controls

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties and compensating controls.

The small size of the Township's staff did not allow for an adequate segregation of duties; the Township Fiscal Officer performed all accounting functions. It is therefore important that the Township Trustees function as a finance committee to monitor financial activity closely. There was no documentation of the extent to which the Trustees reviewed bank reconciliations, financial reports and records to monitor financial activity of the Township.

This resulted in the ledgers of the Township not being posted up-to-date, errors in the reconciliation, and errors and/or omissions occurring in the Township's annual report without the timely knowledge of the Trustees.

We recommend financial information be presented to the Trustees at each regular monthly meeting for review. This information should include reconciliations, as well as revenue and expenditure activity and budget versus actual reports. These reviews should either be documented in the minutes of the Township or the financial information provided should be signed by Trustees indicating their review.

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

FINDING NUMBER 2014-003

Material Weakness

Bank Reconciliations

Bank Reconciliations should be prepared monthly in a timely and accurate manner. Throughout the audit period, the Fiscal Officer did not reconcile the end of month bank balance to accurate end of month cash balances per the Township's accounting system.

The lack of accurate and timely performance of monthly bank reconciliations resulted in numerous errors which remained undetected and uncorrected until performance of the audit. These errors resulted in adjustments to the accounting system and financial statements to present accurate cash balances at year end. These adjustments are discussed in Finding 2014-001.

We recommend the Fiscal Officer reconcile the month end bank balance to the cash balance per the accounting system on a monthly basis. We also recommend this reconciliation be reviewed and approved, as indicated by the signature of reviewing members of the Board of Trustees.

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

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-004

Significant Deficiency

Payroll Withholding Allocations

When designing the Township's system of internal control and specific control activities, management should ensure that all transactions are properly authorized in accordance with management's policies and ensure the accounting records are properly completed, submitted as required, and copies retained for documentation.

The following deficiency was noted in the Township's payroll:

- Withholding forms 941's were not always completed correctly, resulting in penalties and interest.

We recommend that all payroll document be retained and proper completion instructions should be consulted to ensure the accurate payment of these withholdings. Withholdings should be remitted timely to prevent penalty and interest costs being assessed and the extra time and effort in correcting these errors. The Township should reconcile between the amounts withheld from employees and amounts remitted to the appropriate agencies to help ensure accurate reporting.

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

FINDING NUMBER 2014-005

Noncompliance

Debt

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. Section 133.22 allows a subdivision to issue anticipatory securities; Section 133.10 allows anticipation securities in anticipation of current property tax revenues; Section 133.14 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct; and Section 133.18 allows the taxing authority of a subdivision by legislation to submit to the elector of the subdivision the question is issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In 2013, the Township signed a promissory note with a local bank to purchase a Dump Truck for \$63,322. This type of debt does not meet the criteria for any of the debt allowed in Ohio Revised Code Chapter 133. Failure to comply with the Ohio Revised Code could result in improper use of Township money.

The Ohio Revised Code contains various methods of incurring debt for townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for townships. We recommend that the Township contact their legal counsel before incurring future debt.

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

GOOD HOPE TOWNSHIP
HOCKING COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-006

Noncompliance

Negative Fund Balance

Ohio Rev. Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit fund balance indicates money from another fund or funds was used to pay obligations of funds that carry the deficit fund balance.

The Township had a negative fund balance of \$26,439 in the Road and Bridge Fund in 2013 due to adjustments made.

We recommend the Fiscal Officer and Trustees monitor fund activity throughout the year to help prevent future expenditures from exceeding available resources, thus resulting in a cash flow problem. We further recommend the Fiscal Officer consult the Township Handbook for guidance on proper posting in order to avoid using restricted funds for unauthorized or unallowed purposes.

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

FINDING NUMBER 2014-007

Noncompliance

Budgetary Controls

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

- Violations of 5705.39 indicating appropriations cannot exceed estimated resources;
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeding appropriations);
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds.

The Board should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Township is complying with applicable sections. If the Board does not consider this necessary, steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

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

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-008

Noncompliance

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

At December 31, 2014, approved estimated receipts did not agree to the Township's ledgers as follows:

Fund	Estimated Receipts as Approved	Estimated Receipts per the System	Variance
General	86,390	109,875	(23,485)
Motor Vehicle License Tax	12,115	12,562	(447)
Gasoline Tax	78,150	73,562	4,588
Road and Bridge	71,800	72,923	(1,123)
Fire District	46,700	61,586	(14,886)
Road District	29,300	30,219	(919)
Debt Service	61,095	62,273	(1,178)

At December 31, 2014, approved appropriations did not agree to the Township's ledgers as follows:

Fund	Appropriations as Approved	Appropriations per the System	Variance
Debt Service	62,599	62,735	(136)

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.

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

GOOD HOPE TOWNSHIP
HOCKING COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-009

Noncompliance

Salary Overpayment

Ohio Rev. Code Section 505.24 and 507.09 set compensation amounts for Trustees and the Fiscal Officer based on a Township's annual budget amount.

Based on the Township's annual budgets for the period, the annual salary of the Trustees should have been \$8,490 and the Fiscal Officer's salary should have been \$12,733 for both years. The officials' salaries were not in accordance with the Ohio Revised Code during 2013 and 2014. As a result, Trustee Goss, Trustee Watkins, and Trustee Hacker were each overpaid \$514 per year and Fiscal Officer Crawford was overpaid \$1,414 per year.

We recommend the Township utilize the compensation charts as determined annually by Ohio Rev. Code Sections 505.24 and 507.09 to determine the annual compensation for the Township Officials.

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

**GOOD HOPE TOWNSHIP
HOCKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Audit cost paid from Fire District Fund	Yes	N/A
2012-002	Improper form of debt issuance	No	Repeated as Finding 2014-005
2012-003	Competitive bids for contracts and equipment	Yes	N/A
2012-004	Negative fund balance	No	Repeated as Finding 2014-006
2012-005	Transfers not approved by Board	Yes	N/A
2012-006	5705.41(D)	No	Repeated as Finding 2014-007
2012-007	Posting receipts and disbursements	No	Repeated as Finding 2014-001
2012-008	Estimated receipts and appropriations did not agree to system	No	Repeated as Finding 2014-008
2012-009	Board monitoring controls	No	Repeated as Finding 2014-002
2012-010	Bank reconciliations	No	Repeated as Finding 2014-003

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Dave Yost • Auditor of State

GOOD HOPE TOWNSHIP

HOCKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 1, 2016**