

**PULTNEY TOWNSHIP
BELMONT COUNTY**

AUDIT REPORT

JANUARY 1, 2014 - DECEMBER 31, 2015



Dave Yost • Auditor of State

Township Trustees
Pultney Township
P.O. Box 225
Bellaire, Ohio 43906

We have reviewed the *Independent Auditors' Report* of Pultney Township, Belmont County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2014 to December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Pultney 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

August 3, 2016

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**PULTNEY TOWNSHIP
BELMONT COUNTY
JANUARY 1, 2014 - DECEMBER 31, 2015**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Pultney Township
Belmont County
P.O. Box 225
Bellaire, Ohio 43906

To the Township 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 the Pultney Township, Belmont County, as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonable 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 permitted 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 Pultney Township, Belmont County as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification on Regulatory Basis of Accounting

ORC 505.24 (C) summarizes the requirements regarding certifications by each official of the percentage of time spent working on matters that are to be paid from funds other than general fund. Auditor of State Bulletin 2013-002 further states that attendance at board meetings and other activities supporting the general business of the township must be allocated to the General Fund; therefore, the allocation of 100 percent of an official's compensation to funds other than the General Fund is not permitted under Ohio law. In 2013 and 2012 the Township charged Trustee's salaries to funds other than the General Fund and did not maintain payroll certifications to justify the allocation of salaries. In 2013, the total unsupported salaries were charged 100% to the Gasoline Tax Fund in the amount of \$27,012. In 2012, the total unsupported salaries were charged 25% to the Road and Bridge Fund in the amount of \$6,753. A finding for adjustment was issued in the 2013-2012 audit report. Also ORC 505.11 (B) states the consideration for the contracts and leases to mine gas and other minerals upon lands owned by the township shall be rental or royalty as is prescribed by the board, and shall be payable, as prescribed in the contract or lease, at least once a year to the fiscal officer, who shall give a receipt for the amount and deposit it in the Township General Fund. In 2012, the Township entered into a oil and gas lease and received a bonus check of \$20, 295, which was posted to the Road and Bridge Fund. A finding for adjustment was issued in the 2013-2012 audit report. Neither of these finding for adjustment has been corrected.

Had the above adjustments been posted, the result would have been a decrease in the fund balance of the General Fund in the aggregate amount of \$13,470, a decrease in the fund balance of the Road and Bridge Fund in the aggregate amount of \$13,542, and an increase in the fund balance of the Gasoline Tax Fund in the amount of \$27,012.

Additional Opinion Qualification on Regulatory Basis of Accounting

In our opinion, except for the possible effects described in the *Basis for Additional Opinion Qualification on Regulatory Basis* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Pultney Township, Belmont County as of December 31, 2015 and 2014, 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) permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 4, 2016, on our consideration of Pultney 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 4, 2016

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 9,984	\$ 497,141	\$ -	\$ 507,125
Intergovernmental	83,320	153,758	-	237,078
Earnings on Investments	40	3	1,527	1,570
Miscellaneous	40,273	54,648	-	94,921
Total Cash Receipts	<u>133,617</u>	<u>705,550</u>	<u>1,527</u>	<u>840,694</u>
Cash Disbursements:				
Current:				
General Government	52,544	250,821	-	303,365
Public Safety	-	1,118	-	1,118
Public Works	-	372,965	-	372,965
Health	16,786	-	-	16,786
Capital Outlay	3,990	123,430	-	127,420
Debt Service:				
Principal Retirement	-	7,600	-	7,600
Interest and Fiscal Charges	-	2,526	-	2,526
Total Cash Disbursements	<u>73,320</u>	<u>758,460</u>	<u>-</u>	<u>831,780</u>
Excess of Receipts Over/(Under) Disbursements	60,297	(52,910)	1,527	8,914
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	99,432	-	99,432
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>99,432</u>	<u>-</u>	<u>99,432</u>
Net Change in Fund cash Balance	60,297	46,522	1,527	108,346
Fund Cash Balances, January 1	<u>(498)</u>	<u>89,959</u>	<u>47,253</u>	<u>136,714</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	200	200
Restricted	-	136,481	48,580	185,061
Unassigned (Deficit)	59,799	-	-	59,799
Fund Cash Balances, December 31	<u>\$ 59,799</u>	<u>\$ 136,481</u>	<u>\$ 48,780</u>	<u>\$ 245,060</u>

See notes to financial statements.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Fiduciary Fund Type
	Road Bond
Operating Cash Receipts:	
Charges for Services	\$ -
Licenses, Permits and Fees	-
Fine and Forfeitures	-
Miscellaneous	-
Total Operating Cash Receipts	-
Operating Cash Disbursements:	
Salaries	-
Employee Fringe Benefits	-
Purchased Services	-
Supplies and Materials	-
Other	-
Total Operating Cash Disbursements	-
Operating Income (Loss)	-
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	50,000
Total Non-Operating Receipts (Disbursements)	50,000
Net Change in Fund Cash Balance	50,000
Fund Cash Balances, January 1	1,085
Fund Cash Balances, December 31	\$ 51,085

See notes to financial statements.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 11,474	\$ 276,898	\$ -	\$ 288,372
Intergovernmental	29,965	156,313	-	186,278
Earnings on Investments	16	2	822	840
Miscellaneous	18,717	72,329	-	91,046
Total Cash Receipts	<u>60,172</u>	<u>505,542</u>	<u>822</u>	<u>566,536</u>
Cash Disbursements:				
Current:				
General Government	51,817	212,938	-	264,755
Public Works	-	225,334	-	225,334
Health	16,710	-	-	16,710
Capital Outlay	-	113,274	-	113,274
Debt Service:				
Principal Retirement	-	4,700	-	4,700
Interest and Fiscal Charges	-	1,480	-	1,480
Total Cash Disbursements	<u>68,527</u>	<u>557,726</u>	<u>-</u>	<u>626,253</u>
Excess of Receipts Over/(Under) Disbursements	(8,355)	(52,184)	822	(59,717)
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	32,000	-	32,000
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>32,000</u>	<u>-</u>	<u>32,000</u>
Net Change in Fund cash Balance	(8,355)	(20,184)	822	(27,717)
Fund Cash Balances, January 1	<u>7,857</u>	<u>110,143</u>	<u>46,431</u>	<u>164,431</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	200	200
Restricted	-	89,959	47,053	137,012
Unassigned (Deficit)	(498)	-	-	(498)
Fund Cash Balances, December 31	<u>\$ (498)</u>	<u>\$ 89,959</u>	<u>\$ 47,253</u>	<u>\$ 136,714</u>

See notes to financial statements.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

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

	Fiduciary Fund Type
	Road Bond
Operating Cash Receipts:	
Charges for Services	\$ -
Licenses, Permits and Fees	-
Fine and Forfeitures	-
Miscellaneous	-
Total Operating Cash Receipts	-
Operating Cash Disbursements:	
Salaries	-
Employee Fringe Benefits	-
Purchased Services	-
Supplies and Materials	-
Other	-
Total Operating Cash Disbursements	-
Operating Income (Loss)	-
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	-
Total Non-Operating Receipts (Disbursements)	-
Net Change in Fund Cash Balance	-
Fund Cash Balances, January 1	1,085
Fund Cash Balances, December 31	\$ 1,085

See notes to financial statements.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

NOTES TO FINANCIAL STATEMENTS

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 Pultney Township, Belmont County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Neffs and Spirit of 76 Volunteer Fire Departments to provide fire and ambulance services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. 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 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

C. 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.

The Township values common stock at fair value when donated.

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:

General Fund

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

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:

**PULTNEY TOWNSHIP
BELMONT COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Road and Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads and bridges.

Fire Levy Fund – This fund receives tax levy money for fire protection to township residents.

Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant Permanent Fund:

Cemetery Bequest Fund – This fund receives interest used for the permanent care and decoration of graves of the cemeteries.

Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organization or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's Agency fund accounts for road bonds received to cover damages that may potentially effect the Township's roads

E. 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 and object level of control and appropriations may not exceed estimated resources. The 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. The Township did not encumber all commitments required by Ohio law.

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

**PULTNEY TOWNSHIP
BELMONT COUNTY**

NOTES TO FINANCIAL STATEMENTS

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.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

NOTES TO FINANCIAL STATEMENTS

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 CASH AND INVESTMENTS

The Township maintains a deposit and investment 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:

	2015	2014
Demand deposits	\$ 293,165	\$ 134,819
Total Deposits	293,165	134,819
Common Stock (At fair value at time of donation)	1,980	1,980
	\$ 295,145	\$ 136,799

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

Investments: CSX stock is held in certificate form in the custody of the Township. The fair market value of the stock at December 31, 2015 and 2014 was \$10,276 and \$14,347, respectively

3. BUDGETARY ACTIVITY

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

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,336	\$ 133,617	\$ 93,281
Special Revenue	614,497	804,982	190,485
Permanent	630	1,527	897
Total	\$ 655,463	\$ 940,126	\$ 284,663

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 84,229	\$ 73,320	\$ 10,909
Special Revenue	778,975	758,460	20,515
Permanent	47,883	-	47,883
Total	\$ 911,087	\$ 831,780	\$ 79,307

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 48,191	\$ 60,172	\$ 11,981
Special Revenue	384,038	537,542	153,504
Permanent	630	822	192
Total	\$ 432,859	\$ 598,536	\$ 165,677

**PULTNEY TOWNSHIP
BELMONT COUNTY**

NOTES TO FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 62,550	\$ 68,527	\$ (5,977)
Special Revenue	583,608	557,726	25,882
Permanent	47,062	-	47,062
Total	\$ 693,220	\$ 626,253	\$ 66,967

Contrary to ORC 5705.39, the township had funds where appropriations greater than estimated resources.

Contrary to ORC 5705.41(D), the township made disbursements without prior certification.

Contrary to ORC 5705.41 (B), the General Fund in 2014 had expenditures greater than appropriations.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. 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.

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest rate
General Obligation Bonds 2014 Dump Truck	\$ 27,400	4.0%
General Obligation Bonds 2014 Truck	29,300	4.0%
John Deere Tractor	99,432	0.0%
Total	\$ 156,132	

The Township issued general obligation bonds in the amount of \$50,000 to finance the purchase of a dump truck and plowing equipment for Township road maintenance. The Township's taxing authority collateralizes the bonds. This is paid from the Road & Bridge Fund.

The Township issued general obligation bonds in the amount of \$32,000 in 2014 to finance the purchase of a truck for Township road maintenance. The Township's taxing authority collateralizes the bonds. This is paid from the Road & Bridge Fund.

In 2015, the Township entered into a agreement with the Director of Development Services Agency of the State of Ohio for the amount of \$99,432 to purchase a John Deere Tractor and additional equipment to be used for Township road maintenance. There is a 12 month grace period after disbursement of funds before re-payment begins. It will repaid quarterly in the amount of \$2,486.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

NOTES TO FINANCIAL STATEMENTS

5. DEBT (Continued)

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

Year Ended December 31	GO Bonds	2014 GO Bonds	Development Services
2016	\$ 6,096	\$ 3,872	\$ 4,972
2017	6,196	3,964	9,943
2018	6,184	3,948	9,943
2019	6,164	3,928	9,943
2020	6,136	4,004	9,943
2021-2025	-	15,756	49,716
2026-2030	-	-	4,972
Total	<u>\$ 30,776</u>	<u>\$ 35,472</u>	<u>\$ 99,432</u>

6. RETIREMENT SYSTEMS

The Township’s full-time employees and elected officials belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.00% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2015.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance coverage to elected officials and full-time employees through a private carrier.

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.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Pultney Township
Belmont County
P.O. Box 225
Bellaire, Ohio 43906

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Pultney Township, Belmont County as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 4, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion due to a prior finding for adjustment of \$33,765 for violations of Ohio Revised Code Section 505.24 (C) and a prior audit finding for adjustment of \$20,295 for a violation of Ohio Revised Code Section 505.11(B). Had the adjustments been posted, the result would have been a decrease in the fund balance of the General Fund in the aggregate amount of \$13,470, a decrease in the fund balance of the Road and Bridge Fund in the aggregate of \$13,542 and an increase in the fund balance of the Gasoline Tax Fund in the aggregate amount of \$27,012.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Pultney 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 first 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 deficiencies in internal control over financial reporting, that we consider a material weaknesses.

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 2015-003, 2015-004 and 2015-005 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pultney 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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2015-001 and 2015-002.

Entity's Response to Finding

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

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 4, 2016

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Noncompliance – Appropriations Exceeding Estimated Resources

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total estimate or amended official estimate.

Fund	Year	Estimated Resources	Appropriations	Variance
General	2015	\$ 49,673	\$ 84,229	\$ (34,556)
MVL Tax Fund	2015	47,455	55,427	(7,972)
Gas Tax Fund	2015	109,957	127,766	(17,809)
Road & Bridge	2015	390,262	424,261	(33,999)
Fire Levy	2015	113,500	125,778	(12,278)
Ambulance/EMS	2015	14,500	17,962	(3,462)
General	2014	59,268	62,550	(3,282)
MVL Tax Fund	2014	58,605	70,227	(11,622)
Gas Tax Fund	2014	114,593	185,593	(71,000)
Fire Levy	2014	113,500	122,696	(9,196)
Ambulance/EMS	2014	14,500	17,680	(3,180)

We recommend the Township review estimated resources versus appropriations throughout the year. Also, the Trustees should not approve appropriations greater than estimated resources. This could result in the Township spending more money than it receives and could cause possible negative fund balances.

Client Response: We have not received a response from client.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-002

Noncompliance – Certification of Funds

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

- If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Township.
- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Township has approved their use and established maximum amounts.
- Super Blanket Certificates. The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

The Township did not certify the availability of funds prior to the purchase commitment for 35% of expenditures tested. For these items the Township also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: We have not received an response from the client.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-003

Material Weakness-Financial Reporting

All public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and reports its transactions, and prepare financial statements.

During 2015 and 2014, the Township had numerous (and some long outstanding) adjusting factors listed on the monthly bank reconciliations. In order for the Township to properly reconcile, the following cash adjustments, in which management agreed, were required to be posted to the accounting records and are reflected in the accompanying financial statements.

For 2014 they were as follows:

Receipts:

General Fund – Local Government \$2,215, Local taxes \$1,655
Gasoline Tax Fund – Gasoline Tax \$7,180

Expenditures:

General Fund – General Government \$13,705
Road & Bridge Fund – Capital Outlay \$6,180

For 2015 they were as follows:

Receipts:

General Fund – Interest \$12

Expenditures:

General Fund – General Government \$7,813
Road & Bridge Fund – Capital Outlay \$10,126

For 2014 and 2015, adjustments were made to record debt proceeds and capital outlay for the Road & Bridge Fund. The amounts were for 2014 \$32,000 and for 2015 \$99,432, respectively.

We recommend the Township post all EFT deposits and payments to the books in the proper period, to help ensure all financial activity is included in the annual financial report. Also posting receipts and expenditures to the accounting system in a more timely manner, will make the monthly cash reconciliation process less cumbersome.

Client Response: We have not received an response from the client.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-004

Material Weakness-Financial Reporting

All public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, and prepare financial statements.

The Ohio Township Handbook (Revised March 2014) provides suggested accounts classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Township did not properly post and classify all receipts and expenditures. Errors were made in recording various transactions. Amounts were not always posted to the correct fund and/or line item. The following reclassifications were made.

For 2014

- Reclassification from Property and Other Local Taxes to Intergovernmental Revenue in the Road & Bridge Fund and the Fire Levy Fund, \$11,180 and \$8,385, respectively.
- Reclassification from Capital Outlay to Principal and Interest in the amount of \$6,180.

For 2015

- Reclassification from Property and Other Local Taxes to Intergovernmental Revenue in the Road & Bridge Fund and the Fire Levy Fund, \$17,065 and \$8,532, respectively.
- Reclassification from Capital Outlay to Principal and Interest in the amount of \$6,180.

We recommend the Township utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions. This guidance will help ensure the Fiscal Officer makes proper postings to receipt and expenditure account classifications based on the source of the receipt and purpose of the expenditure.

Client Response: We have not received an response from the client.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-005

Material Weakness – Posting of Budget

The Township should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and disbursements.

The Township does enter budgetary data for estimated receipts.. However, the amounts entered do not agree with the Official Certificate of Estimated Resources.. This can lead to decisions being made on faulty budgetary data and can lead to overspending and creating a negative fund balance if not monitored.

We recommend that the Township post the official certificate of estimated resources to the UAN system around the first of each year. Then any amendments to those official documents be posted to the system upon approval. This will lead to correct budgetary information and Township decisions can be made on accurate data.

Client Response: We have not received an response from the client.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

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

	Fiduciary Fund Type
	Road Bond
Operating Cash Receipts:	
Charges for Services	\$ -
Licenses, Permits and Fees	-
Fine and Forfeitures	-
Miscellaneous	-
Total Operating Cash Receipts	-
Operating Cash Disbursements:	
Salaries	-
Employee Fringe Benefits	-
Purchased Services	-
Supplies and Materials	-
Other	-
Total Operating Cash Disbursements	-
Operating Income (Loss)	-
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	-
Total Non-Operating Receipts (Disbursements)	-
Net Change in Fund Cash Balance	-
Fund Cash Balances, January 1	1,085
Fund Cash Balances, December 31	\$ 1,085

See notes to financial statements.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2013-001	Finding for adjustment	No	Not Corrected. Entry has not been made as of December 31, 2015
2013-002	Finding for adjustment	No	Not Corrected. Entry has not been made as of December 31, 2015
2013-003	ORC 5705.39 Appropriations exceeding estimated resources	No	Not Corrected - Refer to Findng 2015-001
2013-004	ORC 5705.41 (D) expenditures made prior to certification	No	Not Corrected - Refer to Findng 2015-002
2013-005	Material Weakness Posting of reconciling items and adjustments	No	Not Corrected - Refer to Findng 2015-003
2013-006	Material Weakness Reclassifications of receipt and disbursements	No	Not Corrected - Refer to Findng 2015-004
2013-007	Material Weakness Budgetary Postings	No	Not Corrected - Refer to Findng 2015-005

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Dave Yost • Auditor of State

PULTNEY TOWNSHIP

BELMONT 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
AUGUST 16, 2016**