



Dave Yost • Auditor of State

GOSHEN TOWNSHIP
TUSCARAWAS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Goshen Township
Tuscarawas County
P.O. Box 41
New Philadelphia, Ohio 44663

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 Goshen Township, Tuscarawas County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, 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 the Goshen Township, Tuscarawas 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 22, 2016

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$74,254	\$248,912	\$0	\$323,166
Intergovernmental	69,283	146,375	0	215,658
Earnings on Investments	617	398	0	1,015
Miscellaneous	2,564	0	0	2,564
<i>Total Cash Receipts</i>	<u>146,718</u>	<u>395,685</u>	<u>0</u>	<u>542,403</u>
Cash Disbursements				
Current:				
General Government	161,738	0	0	161,738
Public Safety	38,011	113,114	0	151,125
Public Works	9,023	241,855	0	250,878
Health	2,670	0	0	2,670
Capital Outlay	7,529	0	0	7,529
<i>Total Cash Disbursements</i>	<u>218,971</u>	<u>354,969</u>	<u>0</u>	<u>573,940</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(72,253)</u>	<u>40,716</u>	<u>0</u>	<u>(31,537)</u>
<i>Fund Cash Balances, January 1</i>	<u>216,131</u>	<u>502,350</u>	<u>8,098</u>	<u>726,579</u>
Fund Cash Balances, December 31				
Restricted	0	242,835	8,098	250,933
Committed	0	300,231	0	300,231
Assigned	143,878	0	0	143,878
<i>Fund Cash Balances, December 31</i>	<u>\$143,878</u>	<u>\$543,066</u>	<u>\$8,098</u>	<u>\$695,042</u>

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

**GOSHEN TOWNSHIP
TUSCARAWAS 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$73,672	\$249,781	\$0	\$323,453
Licenses, Permits and Fees	1,621	0	0	1,621
Intergovernmental	46,397	141,335	29,072	216,804
Earnings on Investments	819	526	0	1,345
Miscellaneous	6,193	0	0	6,193
<i>Total Cash Receipts</i>	<u>128,702</u>	<u>391,642</u>	<u>29,072</u>	<u>549,416</u>
Cash Disbursements				
Current:				
General Government	151,433	0	0	151,433
Public Safety	12,159	135,500	0	147,659
Public Works	4,155	292,575	42,778	339,508
Health	1,756	0	0	1,756
Capital Outlay	0	256	0	256
<i>Total Cash Disbursements</i>	<u>169,503</u>	<u>428,331</u>	<u>42,778</u>	<u>640,612</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(40,801)</u>	<u>(36,689)</u>	<u>(13,706)</u>	<u>(91,196)</u>
<i>Fund Cash Balances, January 1</i>	<u>256,932</u>	<u>539,039</u>	<u>21,804</u>	<u>817,775</u>
Fund Cash Balances, December 31				
Restricted	0	201,341	8,098	209,439
Committed	0	301,009	0	301,009
Assigned	216,131	0	0	216,131
<i>Fund Cash Balances, December 31</i>	<u>\$216,131</u>	<u>\$502,350</u>	<u>\$8,098</u>	<u>\$726,579</u>

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

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Goshen Township, Tuscarawas County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the City of New Philadelphia to provide fire protection services and Smith Ambulance, Inc., to provide ambulance services.

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

Public Entity Risk Pool:

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 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.

D. Fund Accounting

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

1. General Fund

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

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

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

Fire District Fund - This fund receives fire levy tax money to pay for fire protection services.

3. Capital Project Funds

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

Issue One Fund - The Township received a grant through Tuscarawas County to complete paving projects.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

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

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

Fund balance is divided into 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. 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.

2. 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.

3. 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.

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.

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015	2014
Demand deposits	\$295,042	\$326,579
Certificates of deposit	400,000	400,000
Total deposits	\$695,042	\$726,579

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

3. BUDGETARY ACTIVITY

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

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$135,520	\$146,718	\$11,198
Special Revenue	381,850	395,685	13,835
Capital Projects	20,974	0	(20,974)
Total	\$538,344	\$542,403	\$4,059

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$352,312	\$218,971	\$133,341
Special Revenue	884,200	354,969	529,231
Capital Projects	29,072	0	29,072
Total	\$1,265,584	\$573,940	\$691,644

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$134,329	\$128,702	(\$5,627)
Special Revenue	378,250	391,642	13,392
Capital Projects	20,974	29,072	8,098
Total	\$533,553	\$549,416	\$15,863

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$391,261	\$170,163	\$221,098
Special Revenue	917,289	429,345	487,944
Capital Projects	42,778	42,778	0
Total	\$1,351,328	\$642,286	\$709,042

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS IS cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

6. RISK MANAGEMENT

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

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

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

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

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

6. RISK MANAGEMENT (Continued)

Casualty and Property Coverage

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

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

Financial Position

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

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

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$5,000.

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

<u>Contributions to OTARMA</u>	
<u>2015</u>	<u>2014</u>
\$9,277	\$9,196

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool.

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

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

6. RISK MANAGEMENT (Continued)

Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Health Insurance

The Township provides health insurance to employees through Tuscarawas County (the County). The Township is invoiced their monthly premiums and the premiums are paid to the County. All risk transfers to the County.

Pursuant to Ohio Revised Code Chapter 167, the County and certain subdivisions within the County entered into an Agreement forming the Tuscarawas County Healthcare Consortium (Consortium). The County acts as the fiscal agent for the Consortium. The Township approved entering into the Consortium on November 4, 2015.

7. TAX INCREMENT FUNDING AGREEMENTS

In accordance with Ohio Revised Code §§ 5709.73, 5709.74, and 5709.75, the Township approved the following tax increment financing (TIF) resolutions:

A-1 Developers and/or Sosier Co. LLC – The Township approved Resolution 6-17-15-1 on June 17, 2015 to enter into a TIF agreement. The project is the construction of one or more apartment buildings on a parcel located at the intersection of State Route 39 and Dawn Drive. The funds from the TIF are to be used primarily to assist the Township in constructing public improvements that benefit the project, including road, water, and sewer improvements. An exemption from real property taxes on 75% of the improvement will provide for the service payments to pay the costs of the public infrastructure. This exemption is for a period of 10 years or the date on which the Township can no longer require service payments in lieu of taxes, in accordance with the requirements of the TIF Statutes. At December 31, 2015, the Township had not yet collected any service payments.

Bouhachem Petroleum LLC – The Township approved Resolution 12-31-15-1 on December 31, 2015 to enter into a TIF agreement. The project is the construction of buildings to be used for commercial and retail activities at 2445-2465 East High Avenue Extension. The funds from the TIF are to be used primarily to assist the Township in constructing public improvements that benefit the project, including street and sanitary sewer improvements. An exemption from real property taxes on 75% of the improvement will provide for the service payments to pay the costs of the public infrastructure. This exemption is for a period of 10 years or the date on which the Township can no longer require service payments in lieu of taxes, in accordance with the requirements of the TIF Statutes. At December 31, 2015, the Township had not yet collected any service payments.

8. SUBSEQUENT EVENTS

On March 16, 2016, the Township passed Resolution 3-16-16-1, approving the Park Village TIF agreement.

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Dave Yost • Auditor of State

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

Goshen Township
Tuscarawas County
P.O. Box 41
New Philadelphia, Ohio 44663

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Goshen Township, Tuscarawas County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated December 22, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2015-002 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2015-001.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

December 22, 2016

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

Finding for Recovery--Partially Repaid

Pursuant to 2007 Op. Atty. Gen. No. 2007-032, unless the terms of the resolution under which health care benefits were provided to township personnel at the commencement of the official's term, included the option of participation in a self-insured health care benefit program that meets the requirements of a health savings account, Ohio Const. Art. II, § 20 prohibits an in-term increase of an elected official, including participation in any such program first authorized by the board of trustees after the commencement of the officer's term.

Goshen Township Resolution 12-16-14-1, adopted December 16, 2014, approved the payment of \$2,600 to a health savings account at a bank of choice for anyone choosing the plan that saves at least \$1,000 a year per person.

According to the December 16, 2015 meeting minutes of the Board of Trustees, the payment to a health savings account was changed to a paying out of quarterly payments of \$650 instead of an upfront \$2,600.

Fiscal Officer Jenifer Ress and Trustee Joseph Ginnetti were the elected officials that participated in the Township's health savings account insurance plan for 2015. On January 8, 2015, the Township paid \$2,600 to Dover-Phila Federal Credit Union and First Federal for these two elected officials. The terms of office for these officials were as follows: Fiscal officer Jenifer Ress was April 1, 2012 through March 31, 2016 and Trustee Joseph Ginnetti was January 1, 2014 through December 31, 2017. Additionally, Fiscal Officer Jenifer Ress was directly paid \$650 on December 29, 2015 for the first quarter of 2016. The change from participating in a traditional health insurance plan to a health savings account plan with the Township contributing the amount of funding in the health savings account during the middle of the public officials' terms constituted an unallowable in-term increase per Ohio Const. Art. II § 20 as clarified in 2007 Op. Atty. Gen. No. 2007-032.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Jenifer Ress, Fiscal Officer, and her bonding company, Travelers Casualty and Surety Company of America, jointly and severally, in the amount of \$3,250 in favor of the Township's General Fund and Joseph Ginnetti, Trustee, and his bonding company, Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$2,600 in favor of the Township's General Fund.

\$2,600 was repaid by Joseph Ginnetti on December 27, 2016 by personal check number 102025. The check was deposited into the Township's bank account at First National Bank on December 27, 2016 and was receipted into the Township's General Fund, as evidenced by receipt number 85-2016, dated December 28, 2016.

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-002

Material Weakness

The Township should maintain an accounting system and accounting records sufficient to enable the Township to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During our review of the financial statements for the years ending December 31, 2015 and 2014, we noted the following misstatements for which the financial statements have been adjusted:

- Homestead & Rollback receipts were improperly classified as Property and Other Taxes instead of Intergovernmental Revenue in both 2015 and 2014. These misclassifications occurred in the following funds and amounts in 2015: General Fund \$12,122, Road & Bridge Fund \$20,124 and Fire Fund \$21,344. These misclassifications occurred in the following funds and amounts in 2014: General Fund \$12,115, Road & Bridge Fund \$20,145, and Fire Fund \$21,346.
- Governmental Accounting Standards Board (GASB) Statement No. 54 defined how fund balances were to be classified and was codified as follows:
 - GASB Cod. 1800.176 states that an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

For each subsequent year, the Township General Fund appropriations exceeded estimated revenues by \$143,878 and \$216,131 for 2015 and 2014, respectively. Therefore, the Assigned Fund Balance was misclassified as Unassigned Fund Balance.

- GASB Cod. 1800.168 provide that fund balances legally restricted by an outside source must be classified as Restricted.

For both 2015 and 2014, the Township reported the fund balance of the Capital Projects fund of \$8,098 as Committed, instead of Restricted, the foundation revenue of the Issue One Capital Project Fund was from Tuscarawas County's Motor Vehicle Gasoline Tax Fund, which is restricted in use.

Additionally, the Township reported the fund balance of the Road and Bridge Fund as Restricted instead of Committed, when the foundation revenue of the Road and Bridge Fund is from inside millage, which is not restricted by outside legislation. The fund balance misclassified in 2015 and 2014 was \$300,231 and \$301,009, respectively.

**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-002 (Continued)

Material Weakness (Continued)

Sound financial reporting is the responsibility of the Township Fiscal Officer and is essential to ensure the information provided to the readers of the financial statement is complete and accurate. These reclassifications were agreed to by management, and the financial statements have been adjusted accordingly.

Failure to properly report financial activity could result in material misstatements occurring and remaining undetected and fail to provide management with an accurate picture of the Township's financial position and operations. The Township should take the necessary steps to ensure that all revenues and fund balances of the Township are properly presented in the Township's financial statements.

Officials' Response: We did not receive a response from Officials to the Findings reported above.

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**GOSHEN TOWNSHIP
TUSCARAWAS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Material weakness related to errors in posting certain receipts and fund balances.	Not Corrected	Repeated in the Schedule of Findings as finding 2015-002.

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Dave Yost • Auditor of State

GOSHEN TOWNSHIP

TUSCARAWAS 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
JANUARY 10, 2017**