



Dave Yost • Auditor of State



**GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY  
DECEMBER 31, 2017 AND 2016**

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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, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. 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 such 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 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code § 117.38 and Ohio Admin. 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 Rev. Code § 117.38 and Ohio Admin. 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, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Goshen Township, Tuscarawas County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 28, 2018

**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, 2017

	General	Special Revenue	Capital Projects	Total Governmental Funds
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 81,976	\$ 220,136	\$ 0	\$ 302,112
Intergovernmental	64,665	137,226	0	201,891
Special Assessments	0	0	6,707	6,707
Investment Income	850	0	0	850
Miscellaneous	10,980	32,072	0	43,052
<i>Total Cash Receipts</i>	<u>158,471</u>	<u>389,434</u>	<u>6,707</u>	<u>554,612</u>
<b>Cash Disbursements</b>				
Current:				
General Government	155,702	0	0	155,702
Public Safety	6,543	148,306	0	154,849
Public Works	100	209,111	0	209,211
Health	1,512	1,091	0	2,603
Capital Outlay	4,736	62,035	0	66,771
<i>Total Cash Disbursements</i>	<u>168,593</u>	<u>420,543</u>	<u>0</u>	<u>589,136</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,122)</u>	<u>(31,109)</u>	<u>6,707</u>	<u>(34,524)</u>
<i>Fund Cash Balances Beginning of Year</i>	<u>39,249</u>	<u>581,823</u>	<u>8,098</u>	<u>629,170</u>
<b>Fund Cash Balances End of Year</b>				
Restricted	0	243,297	14,805	258,102
Committed	0	307,417	0	307,417
Unassigned	29,127	0	0	29,127
<i>Fund Cash Balances End of Year</i>	<u>\$ 29,127</u>	<u>\$ 550,714</u>	<u>\$ 14,805</u>	<u>\$ 594,646</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, 2016

	General	Special Revenue	Capital Projects	Total Governmental Funds
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 74,123	\$ 250,522	\$ 0	\$ 324,645
Intergovernmental	59,583	149,064	0	208,647
Investment Income	1,393	42	0	1,435
Miscellaneous	7,579	31	0	7,610
<i>Total Cash Receipts</i>	<u>142,678</u>	<u>399,659</u>	<u>0</u>	<u>542,337</u>
<b>Cash Disbursements</b>				
Current:				
General Government	207,863	0	0	207,863
Public Safety	6,861	117,632	0	124,493
Public Works	32,165	243,270	0	275,435
Health	391	0	0	391
<i>Total Cash Disbursements</i>	<u>247,280</u>	<u>360,902</u>	<u>0</u>	<u>608,182</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(104,602)</u>	<u>38,757</u>	<u>0</u>	<u>(65,845)</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Uses	(27)	0	0	(27)
<i>Net Change in Fund Balance</i>	<u>(104,629)</u>	<u>38,757</u>	<u>0</u>	<u>(65,872)</u>
<i>Fund Cash Balances Beginning of Year</i>	<u>143,878</u>	<u>543,066</u>	<u>8,098</u>	<u>695,042</u>
<b>Fund Cash Balances End of Year</b>				
Restricted	0	231,393	8,098	239,491
Committed	0	350,430	0	350,430
Unassigned	39,249	0	0	39,249
<i>Fund Cash Balances End of Year</i>	<u>\$ 39,249</u>	<u>\$ 581,823</u>	<u>\$ 8,098</u>	<u>\$ 629,170</u>

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



GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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**NOTE 1 – REPORTING 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 7 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

***Motor Vehicle License Tax Fund*** - This fund receives motor vehicle license tax money for constructing, maintaining, and repairing Township roads.

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

GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
(Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

***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 Funds:

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

***Tax Increment Financing (TIF) Fund*** - The Township receives payments in lieu of taxes to construct public improvements that will benefit the two projects that are paying the TIFs.

***Basis of Accounting***

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

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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.

GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
(Continued)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A summary of 2017 and 2016 budgetary activity appears in Note 4.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**NOTE 3 - COMPLIANCE**

Contrary to Ohio Rev. Code § 5705.10 Gasoline Tax, Road and Bridge, and Motor Vehicle License Tax Fund revenues were improperly receipted in the General fund in 2017, General Fund and Gasoline Tax fund revenues were improperly posted in the Issue I Fund in 2016, and General Fund expenditures were posted to the Road and Bridge Fund in 2017.

Contrary to Ohio Rev. Code § 5709.75 the Township failed to establish a Public Improvement Tax Increment Equivalent Fund to account for tax increment financing special assessment revenues.

**NOTE 4 - BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2017 and 2016 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 121,487	\$ 158,471	\$ 36,984
Special Revenue	397,372	389,434	(7,938)
Capital Projects	0	6,707	6,707
Total	\$ 518,859	\$ 554,612	\$ 35,753

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 202,546	\$ 168,593	\$ 33,953
Special Revenue	792,934	420,585	372,349
Capital Projects	11,568	0	11,568
Total	\$ 1,007,048	\$ 589,178	\$ 417,870

GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
(Continued)

**NOTE 4 - BUDGETARY ACTIVITY (Continued)**

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 128,404	\$ 142,678	\$ 14,274
Special Revenue	363,300	399,659	36,359
Capital Projects	0	0	0
Total	\$ 491,704	\$ 542,337	\$ 50,633

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 272,283	\$ 247,307	\$ 24,976
Special Revenue	906,365	360,902	545,463
Capital Projects	8,098	0	8,098
Total	\$ 1,186,746	\$ 608,209	\$ 578,537

**NOTE 5 – DEPOSITS AND INVESTMENTS**

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

	2017	2016
Demand deposits	\$ 594,646	\$ 629,170

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

**NOTE 6 - PROPERTY TAXES**

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

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

GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
(Continued)

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**NOTE 7 - RISK MANAGEMENT**

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

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

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

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017 and 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017 and 2016 (the latest information available):

	<u>2017</u>	<u>2016</u>
Assets	\$ 40,010,732	\$ 38,473,283
Liabilities	(8,675,465)	(8,244,140)
Net Position	<u>\$ 31,335,267</u>	<u>\$ 30,229,143</u>

At December 31, 2017 and 2016, respectively, the liabilities above include approximately \$8.0 and \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 and \$6.9 million of unpaid claims to be billed to approximately 1,016 members and 1,010 member governments in the future, as of December 31, 2017 and 2016, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017 and 2016, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
(Continued)

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**NOTE 7 - RISK MANAGEMENT (Continued)**

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.

Contributions to OTARMA	
2017	2016
\$ 9,819	\$ 9,880

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

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

***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.

**NOTE 8 – DEFINED BENEFIT PENSION PLAN**

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

The Ohio Revised Code also prescribes contribution rates. For 2017 and 2016, 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, 2017.

GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
(Continued)

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**NOTE 9 – POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2017.

**NOTE 10 - TAX INCREMENT FINANCING AGREEMENTS**

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

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, 2017, the Township had collected \$6,707 of service payments.

Park Village Development LLC – The Township approved Resolution 3-16-1-1 on March 31, 2016 to enter into a TIF agreement. The project is the construction of continuing care community at 1019 SE Oldtown Valley Road. 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, 2017, the Township had not collected any service payments.

**NOTE 11 – SUBSEQUENT EVENT**

The Township is currently in the process of calculating the total legal fees to be reimbursed by a project developer for an aborted TIF agreement.





# 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, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated November 28, 2018 wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. 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.

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

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 2017-002 through 2017-004 and 2017-008.

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 Findings 2017-001, 2017-009 and 2017-010 described in the accompanying Schedule of Findings to be significant deficiencies.

***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 Findings as items 2017-003 through 2017-007.

***Township's Responses to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 28, 2018

**GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Significant Deficiency**

The Ohio Supreme Court case of State ex rel. McClure v. Hagerman, 155 St. 320 (1951), along with Auditor of State Bulletin 2003-005 and Attorney General Opinion 82-006 set forth guidance as to the expenditure of funds for public purposes. The two criteria established under the Attorney General Opinion for determination of proper public purposes are that the expenditure is required for the general good of all inhabitants and the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced. The decision of what constitutes a public purpose should be memorialized by a duly enacted ordinance or resolution of Board that sets forth the policy of the Township that has prospective effect only. Additionally, Township expenditures should be supported with itemized invoices and receipts to clearly document the purchases made on behalf of the Township. The itemized invoices should be included with other pertinent purchase information and be maintained as a voucher packet by the Township. When issuing payment to the vendor, the Township Fiscal Officer should review and verify that the vendor name and amount on the invoice agree to the information recorded on the check and the Township's accounting system.

During 2017 and 2016, the following errors were noted:

- For three out of 22 (13.6%) and one out of 28 (3.6%) 2017 and 2016 disbursements tested, respectively, the Township did not maintain a voucher packet for the transactions. Failure to maintain a voucher packet, including an itemized invoice, could result in improper public purchases with Township funds. This was brought to the Trustees and Fiscal Officer's attention and itemized invoices were obtained for two of the three 2017 missing voucher packets and for the 2016 missing voucher packet. For the one remaining 2017 disbursement, alternative procedures were performed and subsequent invoices were reviewed, and it was determined that the payment was made to a Township account. However, we were unable to determine if the \$114 disbursement paid in 2017 was for a proper public purpose. Therefore, the disbursement was determined to be an improper public purpose. As the disbursement was included within our sample testing and was not an individually important item, AOS projected the error over the sample population. The projected error was determined to be \$572;
- For one out of 22 (4.5%) 2017 disbursements tested, the Township did not maintain itemized invoices within the voucher packet for the transaction. Failure to maintain itemized invoice could result in improper public purchases with Township funds. This was brought to the Trustees and Fiscal Officer's attention and the itemized invoices were obtained and properly supported the Township's disbursement;
- The Township accrued \$34 in interest charges in 2017, which are considered improper public purchases for a Township, for one out of 22 (4.5%) expenditures tested. As the interest disbursement was included within our sample testing, we projected the error over the population. The projected error was determined to be \$170;
- For one out of 22 (4.5%) disbursements tested in 2017, the Fiscal Officer recorded a check as "Voided" in the Township's accounting system, but the check cleared the bank. In order to correct the error, the Fiscal Officer issued a second check and recorded it as "Cleared" in the Township's accounting system, but voided the second check and maintained the check copy with the voucher packet. By not agreeing the bank activity to the Township's accounting system could result in reconciliation errors and Township overspending;

**GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2017-001 (Continued)**

**Significant Deficiency (Continued)**

- During 2017, the Township Fiscal Officer issued two warrants to the wrong vendor. Failing to issue warrants to the appropriate vendors could result in the Township overpaying one vendor and accruing late fees or interest charges on other Township accounts the payment was meant to be paid to;
- For two out of 28 (7.1%) disbursements tested in 2016, the Fiscal Officer voided checks in the Township's accounting system, but did not void the physical check. Instead, the Fiscal Officer wrote a manual check to the vendor and recorded a memo transaction on the Township's accounting system in order to avoid recording the disbursement to the Township's accounting system twice;
- The Township accrued \$63 in interest charges in 2016, which are considered improper public purchases for a Township, for two out of 28 (7.1%) expenditures tested. As the interest disbursement was included within our sample testing, we projected the error over the population. The projected error was determined to be \$250; and
- During 2016, the Fiscal Officer made two duplicate payments for the same invoice for one of the 28 (3.6%) disbursements tested. Subsequent invoices were reviewed and the Township properly received a credit on the Township's account for the overpayment.

Additionally, the Township had not passed a formal policy regarding its views on the proper public purpose guidelines for the Township's expenditures. The absence of such a policy could allow expenditures that do not promote the goals or mission of the Township and may result in expenditures to be deemed an improper public purpose subject to findings for recovery.

The Township should establish a proper public purpose policy which states Board's view of what expenditures constitute a proper public purpose to support the Township's goals or mission. Documented authorization from the Board, such as formal approval in the Board meeting minutes, should be obtained for approval of all expenditures prior to the expenditure being made. As items are purchased by the Township, an itemized invoice or receipts should be maintained in a voucher packet and used by the Fiscal Officer when issuing payment to a vendor. The check number, check date, vendor name and check amount issued to the vendor should agree to the information recorded on the Township's accounting system. Prior to signing the checks, the Fiscal Officer and Trustees should review the voucher packets to ensure that the payment is for a proper public purchase, and the invoices and receipts agree to the amount being remitted to the vendor. This will reduce the risk of overpayment or underpayment by the Township.

**Officials' Response:** The receipts returned by the Township employees will be attached to the voucher packets effective immediately. The Trustees are working on preparing a "proper public purpose guideline" for the Township.

**GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2017-002**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

As a result of audit procedures performed, errors were noted in the Township's financial statements that required audit adjustments and reclassifications as follows:

- Various Township disbursements were identified as being misclassified in 2017 and 2016 for the General Fund. Of this total, 2017 General Government, Public Safety, Health and Capital Outlay disbursements were understated by \$3,905; \$626; \$1,013 and \$4,736, respectively, and Public Works disbursements were overstated by \$10,280. 2016 General Government disbursements were understated by \$26,552 and Public Safety, Public Works and Health disbursements were overstated by \$8,950; \$2,762 and \$14,840, respectively;
- The Township reported \$62,035 in Public Works disbursements in 2017 that were for the purchase of a backhoe within the Road and Bridge Fund that should have been recorded as Capital Outlay disbursements; and
- Special assessment revenue in the amount of \$6,707 was classified as Miscellaneous Revenue in the Tax Increment Financing (TIF) Fund during 2017 instead of Special Assessment Revenue.

In addition, other misstatements related to mispostings of assets, revenues, expenditures/expenses, and fund balances ranging from \$650 to \$2,660 were identified during 2017 and 2016.

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provider to the readers of the financial statements is complete and accurate. The adjustments and reclassifications were agreed to by management, and the financial statements have been adjusted accordingly.

To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. In addition, the Township should review the financial statements and notes prior to submission for audit.

**Officials' Response:** The Fiscal Officer will use the Ohio Auditor of State's Township Handbook to assist in the correct deposit of funds, effective immediately.

**FINDING NUMBER 2017-003**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 5705.10(D) requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose shall be paid into a special fund for such purpose except as otherwise provided by resolution adopted pursuant to Ohio Rev. Code § 3315.01. Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

**GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2017-003 (Continued)**

**Noncompliance and Material Weakness (Continued)**

During 2017 and 2016, the following errors were noted:

- Revenue from the Reeves Foundation in the amount of \$27,035 was reported in the General Fund instead of the Road & Bridge Fund during 2017;
- A refund from the Ohio Public Employee Retirement System in the amount of \$3,574 was reported in the General Fund during 2017. Of this total, \$3,513 should have been reported in the Gasoline Tax Fund and \$61 should have been reported in the Road & Bridge Fund;
- Revenue from Fairfield Township in the amount of \$807 was reported in the General Fund instead of the Motor Vehicle License Tax Fund in 2017;
- A refund from the United States Treasury in the amount of \$656 was reported in the General Fund instead of the Gasoline Tax Fund in 2017;
- A refund from the Ohio Bureau of Workers Compensation Refund in the amount of \$116 was reported in the Issue I Fund during 2016. Of this total, \$85 should have been recorded in the General Fund and \$31 should have been recorded in the Gasoline Tax Fund; and
- The Township reported \$3,757 in cleaning supplies, tree trimming services and furnace work disbursements as Public Works expenditures in the Road & Bridge Fund instead of General Government Expenditures in the General Fund for 2017.

As a result, the financial statements were misstated and the affected funds' cash balances were overstated or understated. The adjustments were agreed to by management, and the financial statements and accounting records of the Township have been adjusted to reflect the activity within the proper funds.

The Township should receive reimbursements in the fund from which the disbursement originated. Also, the Township should review each fund and its purpose to ensure that they are knowledgeable of what expenditures can be paid from each fund. Additionally, to help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board of Trustees, to help identify and correct errors and omissions.

**Officials' Response:** The Fiscal Officer will use the Ohio Auditor of State's Township Handbook to assist in the correct deposit of funds, effective immediately.

**FINDING NUMBER 2017-004**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 5709.75 requires townships that receive service payments in lieu of taxes to establish a public improvement tax increment equivalent fund for the service payments to be deposited into. Money deposited into the public improvement tax increment equivalent fund should be used by the Township to pay the costs of public infrastructure improvements designated in the resolution approved by the Township Board of Trustees.

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TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2017-004 (Continued)**

**Noncompliance and Material Weakness (Continued)**

During 2016, the Township approved Tax Increment Financing (TIF) agreements with Park Village Development, LLC and Bouhachem Petroleum, LLC and began receiving TIF revenue in 2017. The Board of Trustees failed to establish the TIF Fund during 2017 and 2016. Failure to establish the appropriate funds could result in the Township spending restricted revenue on unallowable expenditures. The financial statements and accounting records of the Township have been adjusted to reflect 2017 TIF activity within a public improvement tax increment equivalent fund.

The Board of Trustees should approve establishing a public improvement tax increment equivalent fund in accordance with Ohio Rev. Code § 5709.75 and ensure that the TIF activity is properly accounted for within this fund.

**Officials' Response:** The TIF Appropriation Fund was established on November 24, 2018, as Fund No. 4901-110-599-0000. The Fund contains an account balance of \$10,031.75. The TIF Revenue Fund is 4901-199-0000.

**FINDING NUMBER 2017-005**

**Noncompliance**

Ohio Rev. Code § 145.47 requires each employer to withhold an amount, as determined by the public employees' retirement board, not to exceed ten percent from each employee's earnable salary that is a contributor to the retirement system. The required rate was ten percent for 2017 and 2016. Ohio Rev. Code § 145.48 states, in part, each employer shall pay to the public employees' retirement system an amount that shall be a certain percent of the earnable salary of all contributors to be known as the "employer contribution." The required rate was 14 percent for 2017 and 2016.

Variances were noted between the amounts due and the amounts for which payments were generated. During 2016, the Township had \$30,786 in retirement withholdings and employer contributions; however, the Township remitted \$36,186 to the Ohio Public Employees Retirement System. This resulted in an overpayment of \$5,400. We were unable to substantiate the nature or causes of these differences. It was noted that \$5,782 was reimbursed by the Ohio Public Employees Retirement System to the Township in 2017 for duplicate and overpayments made in 2016. Failure to properly withhold and remit the required withholdings and contributions could result in errors and/or irregularities occurring and remaining undetected and subject the Township to penalties and interest charges.

The Township Fiscal Officer should remit employee withholdings and employer contributions in a timely fashion to the Ohio Public Employees Retirement System as required. The Township Trustees should monitor these payments to ensure payments are being made timely and in the appropriate amounts in order to avoid possible late penalties and interest.

This matter will be referred to the Ohio Public Employees Retirement System for whatever action is deemed necessary.

**Officials' Response:** We did not receive a response from Officials to this finding.

**GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2017-006**

**Noncompliance**

26 U.S.C. § 3102(a) requires every employer making payment of wages to deduct and withhold a tax determined in accordance with tables or computational procedures prescribed by the Secretary of the Treasury.

Variances were noted between the amounts withheld and the amounts for which payments were generated. During 2017, the Township owed employee federal taxes and employer and employee shares of Medicare Tax in the amount of \$13,985; however, the Township remitted \$15,344 to the Internal Revenue Service. This resulted in an overpayment amount of \$1,359. During 2016, the Township owed employee federal taxes and employer and employee share of Medicare Tax in the amount of \$12,415; however, the Township remitted \$14,662 to the Internal Revenue Service. This resulted in an overpayment of \$2,247. We were unable to substantiate the nature or causes of these differences. During 2017, it was noted that the Township received a \$1,034 refund from the United States Treasury for their second quarter 2016 overpayment. Failure to properly withhold and remit the required withholdings and contributions could result in errors and/or irregularities occurring and remaining undetected.

The Fiscal Officer should remit the proper federal taxes and Medicare promptly to the Internal Revenue Service each period, as required, along with the employer share of Medicare. In addition, the Township should consult with the Internal Revenue Service in order to address the amounts currently overpaid.

This matter will be referred to the Internal Revenue Service for whatever action is deemed necessary.

**Officials' Response:** We did not receive a response from Officials to this finding.

**FINDING NUMBER 2017-007**

**Noncompliance**

Ohio Rev. Code § 5747.06 states that, except as provided in division (E)(3) of this section, every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee. The employer shall deduct and withhold the tax on the date that the employer directly, indirectly, or constructively pays the compensation to, or credits the compensation to the benefit of, the employee. The method of determining the amount to be withheld shall be prescribed by rule of the tax commissioner.

Ohio Rev. Code § 5747.07(B)(3) states, in part, if an employer's actual or required payments were more than \$2,000 during the twelve month period ending on the 30th day of June of the preceding calendar year, the employer shall make the payment of un-deposited taxes for each month during which they were required to be withheld no later than 15 days following the last day of that month. The employer shall file the return prescribed by the tax commissioner with the payment.



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TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2017-007 (Continued)**

**Noncompliance (Continued)**

Variations were noted between the amounts withheld and the amounts for which payments were generated. During 2017, the Township withheld state taxes in the amount of \$3,361; however, the Township remitted \$3,086 to the State of Ohio Department of Taxation. This resulted in an underpayment amount of \$275. During 2016, the Township withheld state taxes in the amount of \$2,766; however, the Township remitted \$2,228 to the State of Ohio Department of Taxation. This resulted in an underpayment of \$538. Additionally, the Township remitted \$1,517 of state taxes to the State of Ohio Treasurer's Office instead of remitting the taxes to the State of Ohio Department of Taxation, resulting in an overpayment of \$1,517 to the State of Ohio Treasurer's Office. Failure to properly withhold and remit the withholdings could result in errors and/or irregularities occurring and remaining undetected.

The Township should take the necessary action to correct any discrepancies. The Township should also ensure the transmittal of state income taxes is made timely to avoid possible late penalties and interest. In addition, the Township should consult with the State of Ohio Department of Taxation in order to address the amounts currently underpaid and should consult with the State of Ohio Treasurer's Office to address the amount overpaid.

This matter will be referred to the Ohio Department of Taxation, as well as the Treasurer of the State of Ohio for whatever action is deemed necessary.

**Officials' Response:** We did not receive a response from Officials to this finding.

**FINDING NUMBER 2017-008**

**Material Weakness**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board of Trustees is responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not timely prepared or reviewed during the audit period. Failure to reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

**GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2017-008 (Continued)**

**Material Weakness (Continued)**

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board of Trustees should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**Officials' Response:** The Bank Reconciliations and all Fund Reports will be presented to the Trustees on a monthly basis effective immediately.

**FINDING NUMBER 2017-009**

**Significant Deficiency**

The Township's Fiscal Officer performed all accounting functions for the Township. Due to the small size of the Township, there was no segregation of duties within the accounting function. Though the Board approved all disbursements when signing the checks, they do not receive detailed receipt reports, budget versus actual reports and bank-to-book reconciliation reports. As the Fiscal Officer performed the entire accounting function, Board review and approval of detailed revenue reports, budget versus actual accounting reports and reconciliation reports was necessary in order to create an effective control environment over the financial reporting and processing of the Township. Additionally, reviewing the budget versus actual statements as well as reconciliation reports would provide the Board detailed information from which to base management decisions. The lack of report review could potentially create an ineffective control environment and increase the opportunities for fraudulent reporting.

The Fiscal Officer should submit monthly financial reports that would include, at a minimum, the following reports:

- Budget versus Actual revenue and disbursement reports;
- Detailed Revenue Ledger;
- Fund Status Report;
- Bank Reconciliation, as well as the bank statement; and
- Listing of all checks.

These reports provide detail over each receipt and disbursement made as well as providing budgeted versus actual results. Review and approval of these reports will help ensure that Board is aware of all financial activity of the Township as well as create a more appropriate control environment that will help deter, prevent and detect potential fraudulent activity. This will also help the Board effectively monitor and assess, on an on-going basis, the financial position of the Township which will assist the Board in the decision making process.

**Officials' Response:** The Bank Reconciliations and all Fund Reports will be presented to the Trustees on a monthly basis effective immediately.

**GOSHEN TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2017-010**

**Significant Deficiency**

Full-time Township employees are eligible for sick and vacation leave accrual and usage. Vacation leave is accrued on the employee's anniversary date, and sick leave is to be accrued at the rate of 10 hours per month with a maximum of 960 hours allowed. Employees may request in writing to carry over a maximum of one week (40 hours) of unused vacation leave into a subsequent year. The Township employees record their use of leave on bi-weekly timesheets that are submitted to the Fiscal Officer for the processing of payroll. Timesheets are maintained attached to check stubs that are approved by the Township Trustees.

During 2017 and 2016, the Fiscal Officer tracked the accrual and usage of leave in the UAN accounting system and maintained a separate calculation outside of UAN. The UAN balances are not reconciled to the timesheets, and the UAN balances did not agree to the Fiscal Officer's outside calculations nor did they agree with the carry over vacation amounts approved by the Township Trustees. As a result, differences ranging from 6.5 to 801 hours were noted for beginning leave balances, leave usage, and/or ending leave balances for sick and vacation leave for the two full-time employees.

The Township did not properly accrue vacation leave at the time of the employee's anniversary date, and the employee's sick leave was not accrued on a monthly basis. Also, the Township Trustees approved one full-time employee to carry over 70 hours of vacation leave from 2016 to 2017, which is in violation of the Township's employee policy of the maximum allowed; however, this carryover approval was at the beginning of the calendar year instead of at the employee's anniversary date.

Failure to maintain accurate records could result in inaccurate leave balances that could potentially lead to over/under compensation of Township employees.

The Township should ensure that leave balances are properly calculated and accurately reported when processing payroll. Additionally, the Township should review the employee policy to ensure that the proper carry over amounts of vacation leave are being approved at the employee's anniversary date and that sick and vacation leave are being accrued at the appropriate amounts. Implementation of the suggested procedures will help ensure leave balances are valid and accurately calculated and reported. These procedures will also reduce the risk of over/under compensation of Township employees.

**Officials' Response:** The Fiscal Officer will recalculate the sick leave and vacation pay for the Township employees based upon the worksheets which can be located for 2014-2017. Effective January 1, 2019, the carry-over of vacation will be done on anniversary dates, and sick leave will be earned per employee at 5 hours per pay.

**GOSHEN TOWNSHIP TRUSTEES  
AND FISCAL OFFICER  
1607 State Route 39 NE  
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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**DECEMBER 31, 2017 AND 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	Ohio Cont. Art. II, § 20 prohibits an in-term increase of an elected official. During 2015 two elected officials were over-compensated, resulting in a Finding for Recovery.	Fully Corrected.	This error was fully corrected with the elected officials paying the full amounts overpaid back to the Township.
2015-002	Material weakness, initially reported as Finding 2013-001, related to errors in posting certain receipts and fund balances.	Repeated.	These errors would have been committed by the prior Fiscal Officer, Jenifer Ress.



# 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  
DECEMBER 18, 2018**