



Dave Yost • Auditor of State

**ROSS TOWNSHIP
JEFFERSON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Ross Township
Jefferson County
3112 County Road 54
Richmond, Ohio 43944

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Ross Township, Jefferson 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 Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017 and 2016, or changes in financial position thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

During 2013 and 2012, the Township charged trustee salaries of \$33,960 to the Gasoline Tax Fund that were not substantiated by the prescribed certification forms or equivalent time records as required by Ohio Revised Code Section 505.24(C). The Township declined to record the adjustment due to financial constraints and the accompanying financial statements do not reflect them. The Township is making yearly payments of \$2,000. Had the Township agreed to the adjustment the Gas Tax Fund Balance would have been \$183,572 and \$177,209 at December 31, 2017 and 2016, respectively. The General Fund would have had balance of \$5,800 at December 31, 2017 and a deficit balance of (\$12,098) at December 31, 2016.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter discussed in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the General and Special Revenue funds of Ross Township, Jefferson County as of December 31, 2017 and 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

May 31, 2018

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Ross Township
Jefferson County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$29,480	\$117,204	\$146,684
Intergovernmental	16,734	98,452	115,186
Miscellaneous	4,986	1,015	6,001
<i>Total Cash Receipts</i>	<u>51,200</u>	<u>216,671</u>	<u>267,871</u>
Cash Disbursements			
Current:			
General Government	31,451	5,274	36,725
Public Safety		73,952	73,952
Public Works	1,851	63,852	65,703
Health		11,431	11,431
Capital Outlay		409	409
Debt Service:			
Principal Retirement		22,134	22,134
Interest and Fiscal Charges		2,160	2,160
<i>Total Cash Disbursements</i>	<u>33,302</u>	<u>179,212</u>	<u>212,514</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>17,898</u>	<u>37,459</u>	<u>55,357</u>
Other Financing Receipts (Disbursements)			
Transfers In		2,000	2,000
Transfers Out	(2,000)		(2,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,000)</u>	<u>2,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	15,898	39,459	55,357
<i>Fund Cash Balances, January 1</i>	<u>19,862</u>	<u>234,286</u>	<u>254,148</u>
Fund Cash Balances, December 31			
Restricted	0	273,745	273,745
Assigned	35,093	0	35,093
Unassigned (Deficit)	667	0	667
<i>Fund Cash Balances, December 31</i>	<u>\$35,760</u>	<u>\$273,745</u>	<u>\$309,505</u>

See accompanying notes to the basic financial statements

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Ross Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ross Township, Jefferson 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, and cemetery maintenance. The township contracts with the Bergholz, Richmond, and East Springfield volunteer fire departments for fire protection and emergency medical services, and has set forth amount that each is to receive from levies placed to maintain the contracts.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in two public entity risk pools. Notes 7 and 11 to the financial statements provides additional information for these entities. The organizations are:

Public Entity Risk Pools:

The Township belongs to the Ohio Plan Risk Management, a risk sharing pool available to other local governments. The pool provides property, liability, fleet and casualty coverage for its members.

The Township participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation.

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 is 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:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Ross Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Fire and Rescue This fund receives tax monies for contracted services to provide fire and rescue services.

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 unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2017 budgetary activity appears in Note 3.

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.

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:

Ross Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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.

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 – Budgetary Activity

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,289	\$51,200	(\$89)
Special Revenue	218,671	218,671	0
Total	\$269,960	\$269,871	(\$89)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$44,950	\$35,302	\$9,648
Special Revenue	423,224	179,212	244,012
Total	\$468,174	\$214,514	\$253,660

Ross Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – 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:

	<u>2017</u>
Demand deposits	\$309,505

At December 31, 2017, the Township held no funds or monies in equity securities. Equity securities are not eligible investments for the Township under Ohio law

Deposits

Deposits are insured by the Federal Depository Insurance Corporation. At December 31, 2017 no deposits were not insured or collateralized, contrary to Ohio Law.

Note 5 – 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.

Note 6 – Interfund Balances

Per the re-payment plan set in place by resolution, \$2,000 per year (\$500 per quarter) will be paid from the General Fund to the Gasoline fund to be compliant with the 2012-2013 finding for adjustment. The total amount to be paid totals \$33,960 and will be paid in full in 17 years, approximately 2032.

Note 7 – Risk Management

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Ross Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Ross Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Postemployment Benefits

OPERS offer 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 – Debt

Debt outstanding at December 31, 2017, was as follows: (see leases note below for interest inclusion)

	Principal	Interest Rate
2014 International Truck - Lease	\$14,649	3%
Backhoe - John Deere Lease	56,509	3%
Total	\$71,158	

Leases

The township had entered into a Lease with Santander Bank for a 2014 International truck, for a 5 year term. The final payment will be November of 2018. Monthly payment including interest is \$1,238.

The township had entered into a Lease with Deere Financial for a 2016 Loader Backhoe, for a 7 year term. The final payment will be March of 2023. Monthly payment including interest is \$970.55.

The Township disbursed \$ 24,294 to pay lease costs for the year ending December 31, 2017.

Amortization

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

Year Ending December 31:	- Lease	Backhoe Lease
2018	\$14,846	\$11,646
2019		11,646
2020		11,646
2021		11,646
2022		11,646
2023		2,912
Total	\$14,846	\$61,142

Ross Township
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 11 – Public Entity Risk Pool

The Township participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

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Ross Township
Jefferson County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$13,909	\$52,279	\$66,188
Intergovernmental	20,703	121,329	142,032
Miscellaneous	4,133	5,112	9,245
<i>Total Cash Receipts</i>	<u>38,745</u>	<u>178,720</u>	<u>217,465</u>
Cash Disbursements			
Current:			
General Government	29,446	8,189	37,635
Public Safety		46,135	46,135
Public Works	1,771	60,230	62,001
Health		3,236	3,236
Capital Outlay		88,205	88,205
Debt Service:			
Principal Retirement		29,236	29,236
Interest and Fiscal Charges		2,664	2,664
<i>Total Cash Disbursements</i>	<u>31,217</u>	<u>237,895</u>	<u>269,112</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,528</u>	<u>(59,175)</u>	<u>(51,647)</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds		79,554	79,554
Sale of Capital Assets		7,106	7,106
Transfers In		2,000	2,000
Transfers Out	(2,000)		(2,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,000)</u>	<u>88,660</u>	<u>86,660</u>
<i>Net Change in Fund Cash Balances</i>	5,528	29,485	35,013
<i>Fund Cash Balances, January 1</i>	<u>14,334</u>	<u>204,801</u>	<u>219,135</u>
Fund Cash Balances, December 31			
Restricted	0	234,286	234,286
Unassigned (Deficit)	19,862	0	19,862
<i>Fund Cash Balances, December 31</i>	<u>\$19,862</u>	<u>\$234,286</u>	<u>\$254,148</u>

See accompanying notes to the basic financial statements

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**ROSS TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 1. Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Board of Trustees, Jefferson County, Ross 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, as well as cemetery maintenance. The Township contracts with the Bergholz, Richmond and East Springfield volunteer fire departments to provide fire services and the same 3 said stations, to provide ambulance services for the township.

The Township participates in public entity risk pools. Note 9 to the financial statements provides additional information for these entities. The organizations are:

Public Entity Risk Pools:

The Township belongs to the Ohio Plan Risk Management, a risk sharing pool available to other local governments. The pool provides property, liability, fleet and casualty coverage for its members.

The Township participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation.

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 is 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:

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.

**ROSS TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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 unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

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.

ROSS TOWNSHIP
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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.

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. 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:

	2016
Demand deposits	<u>\$254,148</u>

At December 31, 2016, the Township held \$0 in equity securities. Equity securities are not eligible investments for the Township under Ohio law.

Deposits: Deposits are insured by the Federal Depository Insurance Corporation;

**ROSS TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 4. Budgetary Activity

Budgetary activity for the years ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$38,745	\$38,745	\$0
Special Revenue	182,971	267,380	84,409
Total	\$221,716	\$306,125	\$84,409

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,325	\$33,217	\$6,108
Special Revenue	373,037	237,895	135,142
Total	\$412,362	\$271,112	\$141,250

Note 5. 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.

**ROSS TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 6. - Interfund Activity/Balances

Per Auditor of the State of Ohio, the Township has the following finding for recovery which is being addressed through the use of interfund transfers. The repayment plan per 2012-2013 Audit per Township resolution, states that a minimum of \$500 per quarter shall be transferred from the General Fund to the Gasoline fund until the amount of \$33,960 is paid in full. To date \$2,000 has been paid as of December 31, 2016.

Note 7. Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Truck Lease	27,797	3.00%
Backhoe Lease	65,495	3.00%
Total	\$93,292	

The Township has the following issued the following general obligations to finance the purchase of equipment for Township road maintenance in 2016. As of Dec. 31, 2016 the township had no other debt issues to describe. The 2014 International was leased by the township with Santander, the backhoe with Deere Credit. No bonds or property were used as collateral for either transaction. Neither leasing company holds no bonds or titles that may act as a lien for the township.

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

	2014 International	John Deere - Backhoe
Year ending December 31:	Truck	Backhoe
2016	\$14,856	\$10,676
2017	13,618	11,646
2018		11,646
2019		11,646
2020		11,646
2021-2025		14,559
Total	\$28,474	\$71,819

Note 8. RETIREMENT SYSTEMS

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

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

**ROSS TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 9. RISK MANAGEMENT

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

The Township participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.



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

Ross Township
Jefferson County
3112 County Road 54
Richmond, Ohio 43944

To the Township 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 Ross Township, Jefferson 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 May 31, 2018 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion on the General and Special Revenue funds combined cash balances due to the Township not recording a prior period audit adjustment.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

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 2017-001.

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 style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

May 31, 2018

ROSS TOWNSHIP
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2017 and 2016

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

FINDING NUMBER 2017-001

Trustee Salaries

Noncompliance and Material Weakness

In 2013 and 2012 the Township approved a Resolution stating the Trustees will be paid 75% from Gasoline Tax Fund (8 pays) and 25% from General Fund (4 pays) each year. However, the Township did not maintain prescribed certification forms or equivalent time records. **Per Ohio Revised Code § 505.24 (D)**, if trustees use the salary method and are compensated from funds other than the general fund, they must certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund. Trustees must complete a certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee spent during that pay period providing services related to each fund to be charged. We found:

- Trustee Charles Henry was paid from the gas tax fund in 2013 and 2012 \$5,660 and \$5,660 respectively;
- Trustee David Ramsey was paid from the gas tax fund in 2013 and 2012 \$5,660 and \$5,660 respectively; and
- Trustee Phillip Jordan was paid from the gas tax fund in 2013 and 2012 \$5,660 and \$5,660 respectively.

No certification or equivalent time records were maintained to substantiate the payments.

Township officials approved payment of \$500 per quarter from the General Fund beginning in 2015 until paid in full; however, payment of \$2,000 was incorrectly made to the Road and Bridge Fund rather than the Gas Tax Fund in 2015.

The \$2,000 error from 2015 has not been addressed.

The Township has made \$4,000 of payments to the Gas Tax Fund in 2017 and 2016. The Township has a schedule to repay the remaining \$29,960 from the General Fund.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 505.24(D)** a Finding for adjustment is made in favor of the Gas Tax Fund and against the General Fund in the amount of \$29,960. In addition, a Finding for Adjustment in the amount of \$2,000 is made against the Road and Bridge Fund in favor of the General Fund.

FINDING NUMBER 2017-002

Accurate Posting of Transactions

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.

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

The Fiscal Officer did not abide by the adopted chart of account in coding and classifying various transactions in 2017 and 2016. This resulted in adjustments and reclassifications to the financial statements. The Township's Fiscal Officer and management have agreed to and posted the adjustments to the Township's accounting records. The corrected amounts are reflected in the accompanying financial statements.

2017 Reclassifications:

Fund	Reclassified from:	Amount	Reclassified to:
General	Unassigned Fund Balance	\$35,093	Assigned Fund Balance
Road and Bridge	Tax Revenue	3,033	Intergovernmental Revenue
Fire District	Tax Revenue	866	Intergovernmental Revenue
Fire and Rescue	Tax Revenue	2,943	Intergovernmental Revenue
Mooretown Monument	Other Financing Sources	2,000	Intergovernmental Revenue
Gasoline Tax	Public Works	2,160	Interest Expense
Gasoline Tax	Public Works	14,370	Principal Expense

2016 Adjustments:

Fund	Adjusted to:	Amount	Reason for adjustment
Gasoline Tax	Debt Proceeds	\$73,454	Not posted to ledger
Gasoline Tax	Capital Outlay	73,454	Purchase/lease of backhoe
Motor Vehicle License	Debt Proceeds	6,100	Not posted to ledger
Motor vehicle License	Capital Outlay	6,100	Not posted to ledger

**FINDING NUMBER 2017-002
 (Continued)**

2016 Reclassifications:

Fund	Reclassified from:	Amount	Reclassified to:
Motor Vehicle License	Public Works	\$6,100	Principal expense
Gasoline Tax	Public Works	10,855	Principal expense
Gasoline Tax	Public Works	2,664	Interest expense
Road and Bridge	Health	4,400	Public Works
General	Tax Revenue	3,614	Intergovernmental Revenue
Road and Bridge	Tax Revenue	6,113	Intergovernmental revenue
Fire District	Tax Revenue	1,731	Intergovernmental Revenue
Fire and Rescue	Tax Revenue	5,772	Intergovernmental Revenue

Other mispostings were identified, however were not material and the Township decided not to make the adjustments.

The Township did not have procedures in place to record transactions properly.

Failure to consistently follow a uniform chart of accounts increases the possibility the Township will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

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

We did not receive a response from Officials to the findings reported above.

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**ROSS TOWNSHIP
JEFFERSON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Finding for adjustment	Not fully corrected	Recited as 2017-001
2015-002	Mispostings resulted in reclassifications	Not corrected	Recited as 2017-002

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ROSS TOWNSHIP

JEFFERSON 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
JUNE 26, 2018**