



Dave Yost • Auditor of State



GOSHEN TOWNSHIP  
MAHONING COUNTY

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# Dave Yost • Auditor of State

Goshen Township  
Mahoning County  
14003 W. South Range Rd.  
Salem, Ohio 44460

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

April 5, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Goshen Township  
Mahoning County  
14003 W. South Range Road  
Salem, OH 44460

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen Township, Mahoning County, (the Township) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of Goshen Township, Mahoning County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Goshen Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Dave Yost**  
Auditor of State

April 5, 2012



**GOSHEN TOWNSHIP  
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$103,210	\$479,386	\$582,596
Charges for Services		325,136	325,136
Licenses, Permits and Fees	9,686	7,250	16,936
Fines and Forfeitures	23,471	4,058	27,529
Intergovernmental	62,320	219,113	281,433
Special Assessments		4,502	4,502
Earnings on Investments	962	60	1,022
Miscellaneous	11,967	11,618	23,585
<i>Total Cash Receipts</i>	<u>211,616</u>	<u>1,051,122</u>	<u>1,262,738</u>
<b>Cash Disbursements</b>			
Current:			
General Government	162,438	21,856	184,294
Public Safety	5,234	781,511	786,745
Public Works		266,846	266,846
Health	3,531	10,458	13,989
Capital Outlay	5,320	34,918	40,238
Debt Service:			
Principal Retirement		20,034	20,034
Interest and Fiscal Charges		1,716	1,716
<i>Total Cash Disbursements</i>	<u>176,522</u>	<u>1,137,339</u>	<u>1,313,861</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>35,094</u>	<u>(86,217)</u>	<u>(51,123)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	429	4,501	4,930
Transfers In		29,000	29,000
Transfers Out	(29,000)		(29,000)
Advances In	58,539	58,539	117,077
Advances Out	(58,539)	(58,539)	(117,077)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(28,571)</u>	<u>33,501</u>	<u>4,930</u>
<i>Net Change in Fund Cash Balances</i>	6,523	(52,716)	(46,193)
<i>Restated Fund Cash Balances, January 1(See Footnote #8)</i>	<u>200,009</u>	<u>315,769</u>	<u>515,778</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	239,173	239,173
Committed	139,113	23,000	162,113
Assigned	0	880	880
Unassigned (Deficit)	67,419	(0)	67,418
<i>Fund Cash Balances, December 31</i>	<u>\$206,532</u>	<u>\$263,053</u>	<u>\$469,585</u>

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

**GOSHEN TOWNSHIP  
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPE	Totals (Memorandum Only)
	General	Special Revenue	Agency	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$107,515	\$502,182		\$609,697
Charges for Services		190,746		190,746
Licenses, Permits and Fees	9,860	10,695		20,555
Fines and Forfeitures	36,818	7,282		44,100
Intergovernmental	405,765	264,385	77,926	748,077
Special Assessments		4,837		4,837
Earnings on Investments	1,740	48		1,788
Miscellaneous	85,262	22,612	161	108,034
<i>Total Cash Receipts</i>	<u>646,960</u>	<u>1,002,787</u>	<u>78,087</u>	<u>1,727,834</u>
<b>Cash Disbursements</b>				
Current:				
General Government	172,277	26,186		198,463
Public Safety		746,175	85,833	832,008
Public Works		199,500		199,500
Health	1,754	13,737		15,491
Capital Outlay		33,366		33,366
Debt Service:				
Principal Retirement	88,104	43,273		131,377
Interest and Fiscal Charges	1,835	4,658		6,493
<i>Total Cash Disbursements</i>	<u>263,971</u>	<u>1,066,894</u>	<u>85,833</u>	<u>1,416,698</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>382,989</u>	<u>(64,108)</u>	<u>(7,746)</u>	<u>311,136</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets		3,500		3,500
Transfers In	7,644	236,800		244,444
Transfers Out	(236,800)	(3,040)	(4,604)	(244,444)
Advances In	29,676	25,026		54,702
Advances Out	(25,026)	(29,676)		(54,702)
Other Financing Uses		(994)		(994)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(224,506)</u>	<u>231,616</u>	<u>(4,604)</u>	<u>2,506</u>
<i>Net Change in Fund Cash Balances</i>	158,483	167,508	(12,349)	313,642
<i>Fund Cash Balances, January 1</i>	<u>40,846</u>	<u>148,261</u>	<u>12,349</u>	<u>201,456</u>
<i>Fund Cash Balances, December 31</i>	<u>\$199,329</u>	<u>\$315,769</u>	<u>\$0</u>	<u>\$515,098</u>
Reserve for Encumbrances, December 31	<u>399</u>	<u>4,987</u>	<u>0</u>	<u>5,385</u>

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

**GOSHEN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Goshen Township, Mahoning 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, cemetery maintenance, and police protection services. The Township contracts with the Damascus Volunteer Fire Department to provide fire and ambulance services.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report. The Township also invests in a repurchase agreement which is reported at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

Police District Fund - This fund receives property tax money and charges for services revenue for providing police protection to the Township and other contracted subdivisions.

**GOSHEN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**3. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for OVI Task Force funds provided by the Ohio Department of Public Safety.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

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

**GOSHEN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**GOSHEN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	2011	2010
Demand deposits	\$15,000	\$15,000
Total deposits	15,000	15,000
STAR Ohio	43,681	43,657
Repurchase agreement	410,904	456,441
Total investments	454,585	500,098
Total deposits and investments	\$469,585	\$515,098

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

**Investments:** The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$407,414	\$212,045	(\$195,369)
Special Revenue	1,224,977	1,084,624	(140,353)
Total	\$1,632,391	\$1,296,669	(\$335,722)

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$398,340	\$205,522	\$192,818
Special Revenue	1,213,606	1,137,339	76,267
Total	\$1,611,946	\$1,342,861	\$269,085

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$767,700	\$654,604	(\$113,096)
Special Revenue	1,142,283	1,243,087	100,804
Total	\$1,909,983	\$1,897,691	(\$12,292)

**GOSHEN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$318,400	\$501,170	(\$182,770)
Special Revenue	1,178,490	1,075,915	102,575
Total	\$1,496,890	\$1,577,085	(\$80,195)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General and Gasoline Tax Fund by \$182,770 and 125,684, respectively for the year ended December 31, 2010.

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Chevy Tahoe Police Cruiser #1 Note	\$10,407	4.25%
Chevy Tahoe Police Cruiser #2 Note	10,376	4.25%
Total	\$20,783	

These general obligation notes are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. The notes financed the purchase of new police cruisers.

**GOSHEN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**5. DEBT – (Continued)**

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

Year ending December 31:	General Obligation Notes
2012	<u>\$21,749</u>
Total	<u><u>\$21,749</u></u>

**6. RETIREMENT SYSTEMS**

The Township's Police Officers and all other employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is 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 2011 and 2010, full-time township police officers contributed 11.61 and 11.10%, respectively, of their gross salaries and the Township contributed an amount equaling 18.10 and 17.87%, respectively, of these participants' gross salaries. For 2011 and 2010, all other township employees contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of these participants' gross salaries.

The Township has paid all contributions required through December 31, 2011.

**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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 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.



**GOSHEN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**7. RISK MANAGEMENT – (Continued)**

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, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately **\$12,000**.

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

<u>Contributions to OTARMA</u>	
<u>2011</u>	<u>2010</u>
\$16,732	\$15,606

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.

**GOSHEN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**8. RESTATEMENT OF PRIOR YEAR'S FUND BALANCE**

In fiscal year 2011, a check was voided that was written in fiscal year 2010. The adjustment made to void this expenditure had the following effect on the General Fund balance:

	General Fund	
Ending Fund Balance 2010	\$ 199,329	
Adjustment	680	
Beginning Fund Balance 2011	\$ 200,009	



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Goshen Township  
Mahoning County  
14003 W. South Range Rd.  
Salem, Ohio 44460

To the Board of Trustees:

We have audited the financial statements of Goshen Township, Mahoning County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 5, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America, and that the Township adopted Governmental Accounting Standards Board Statement No. 54 (GASB 54). We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-01 described in the accompanying schedule of findings to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 2011-01 through 2011-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 5, 2012.

We intend this report solely for the information and use of management, the board of trustees, and others within the Township. We intend it for no one other than these specified parties.

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

April 5, 2012

**GOSHEN TOWNSHIP  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010**

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

**FINDING NUMBER 2011-01**

**Noncompliance Citation and Material Weakness**

**Ohio Revised Code Section 507.04** states that the fiscal officer must keep an accurate record of all of the township's accounts and transactions.

The following errors were noted in the recording of receipts and expenditures in 2010 and 2011:

- 1) Homestead and Rollback revenues were posted as tax revenue instead of intergovernmental revenue.
- 2) Manufactured homes real estate monies were posted to intergovernmental revenue instead of tax revenue.
- 3) Tax settlements were posted using the net amount instead of gross which results in not reporting the associated expenses.
- 4) In 2010, a debt payment was reported as other financing uses instead of debt principal retirement and interest charges.
- 5) In 2011, \$31,465 in revenues was reported as other financing sources instead of intergovernmental revenue, and the corresponding expenditures were reported as other financing sources instead of to the proper expense line item.
- 6) In 2010, a check totaling \$231,875 was written from the Township and deposited by the Township in 2011. The receipt was reported in the Special Item account. This transaction overstated expenditures in 2010, understated fund balances on the 2010 financial statements, and overstated revenues in 2011.
- 7) In 2010, a check totaling \$7,644.31 was written from the Safe Communities Fund and OVI Task Force Fund and deposited to the General Fund, miscellaneous revenue. The transaction was meant to close out the Safe Communities Fund and OVI Task Force Funds at the end of the program. The amounts should have been recorded as transfers-in and -out instead of as an expenditure and receipt.

These adjustments were posted to the Township's accounting system and to the audited financial statements.

We recommend the fiscal officer reference UAN manuals and the Ohio Township Manual when posting receipts and processing unusual transactions.

**FINDING NUMBER 2011-02**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Township expenditures exceeded appropriations as follows at the end of 2010:

General Fund - \$182,770  
Gasoline Tax Fund - \$125,684

We recommend the Township enact policies and procedures to ensure that expenditures do not exceed appropriations in accordance with ORC 5705.41(B).

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# Dave Yost • Auditor of State

**GOSHEN TOWNSHIP**

**MAHONING 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  
MAY 15, 2012**