



Dave Yost • Auditor of State



GOSHEN TOWNSHIP  
HARDIN COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Goshen Township  
Hardin County  
9264 TR 225  
Kenton, Ohio 43326

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Goshen Township, Hardin County, (the Township) as of and for the years ended December 31, 2012 and 2011.

### ***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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2012 and 2011, or changes in financial position thereof for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Goshen Township, Hardin County as of December 31, 2012 and 2011, 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 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 1 to the Financial Statements, during 2011 the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2013, 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

October 2, 2013

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property Taxes	\$32,552	\$37,587	\$70,139
Licenses, Permits and Fees	351		351
Intergovernmental	66,868	96,161	163,029
Earnings on Investments	532	1,076	1,608
Miscellaneous	675	150	825
Total Cash Receipts	<u>100,978</u>	<u>134,974</u>	<u>235,952</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
General Government	28,582	19,620	48,202
Public Safety		17,600	17,600
Public Works		71,475	71,475
Health	5,878		5,878
Intergovernmental		14,677	14,677
Total Cash Disbursements	<u>34,460</u>	<u>123,372</u>	<u>157,832</u>
Excess of Receipts Over Disbursements	<u>66,518</u>	<u>11,602</u>	<u>78,120</u>
Fund Cash Balances, January 1	<u>143,741</u>	<u>264,004</u>	<u>407,745</u>
<b>Fund Cash Balances, December 31:</b>			
Restricted		275,606	275,606
Unassigned	210,259		210,259
Fund Cash Balances, December 31	<u>\$210,259</u>	<u>\$275,606</u>	<u>\$485,865</u>

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

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

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

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property Taxes	\$32,973	\$35,464	\$68,437
Licenses, Permits and Fees	417		417
Intergovernmental	20,079	106,446	126,525
Earnings on Investments	939	1,685	2,624
Miscellaneous	75	1,200	1,275
Total Cash Receipts	<u>54,483</u>	<u>144,795</u>	<u>199,278</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
General Government	31,254	19,590	50,844
Public Safety		17,600	17,600
Public Works		53,453	53,453
Health	5,897		5,897
Intergovernmental		13,987	13,987
Total Cash Disbursements	<u>37,151</u>	<u>104,630</u>	<u>141,781</u>
Excess of Receipts Over Disbursements	<u>17,332</u>	<u>40,165</u>	<u>57,497</u>
Fund Cash Balances, January 1	<u>126,409</u>	<u>223,839</u>	<u>350,248</u>
<b>Fund Cash Balances, December 31:</b>			
Restricted		264,004	264,004
Unassigned	143,741		143,741
Fund Cash Balances, December 31	<u>\$143,741</u>	<u>\$264,004</u>	<u>\$407,745</u>

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



**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**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, Hardin 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 Jackson-Forest Fire Department and Marseilles Fire Department to provide fire services.

The residents of the Township support Grove Cemetery Association and the Veterans' Memorial Park District through tax levies. This relationship is further described in Note 4.

The Township participates in two jointly governed organizations and the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Notes 6 and 7 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

Hardin County Regional Planning Commission which provides planning services to members.

BKP Ambulance District which provides ambulance services within the District.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA) provides property and casualty coverage to members.

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

**B. Accounting Basis**

These financial statements follow the accounting basis 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.

Certificates of deposit and savings/money market accounts are valued 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:

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and re-appropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Non-spendable**

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

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(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.

**2. EQUITY IN POOLED DEPOSITS**

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

	<u>2012</u>	<u>2011</u>
Checking	\$129,403	\$151,998
Savings/Money Market	256,462	155,747
Certificates of deposit	100,000	100,000
Total deposits	<u>\$485,865</u>	<u>\$407,745</u>

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS**

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or the National Credit Union Administration.

Deposits were held in a credit union which violated Ohio Revised Code Sections 135.03 and 1101.01 (B). One of the Trustees is a board member at the credit union that held Township deposits which violated Ohio Revised Code Sections 2921.42(A)(4).

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2012 and 2011 follows:

<b>2012 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 40,764	\$100,978	\$60,214
Special Revenue	144,923	134,974	(9,949)
Total	\$185,687	\$235,952	\$50,265

<b>2012 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 49,650	\$ 34,460	\$ 15,190
Special Revenue	248,636	123,372	125,264
Total	\$298,286	\$157,832	\$140,454

<b>2011 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 44,804	\$ 54,483	\$ 9,679
Special Revenue	136,125	144,795	8,670
Total	\$180,929	\$199,278	\$18,349

<b>2011 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 40,473	\$ 37,152	\$ 3,321
Special Revenue	183,655	104,630	79,025
Total	\$224,128	\$141,782	\$82,346

**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.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**4. PROPERTY TAX (Continued)**

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.

The residents of the Township support Grove Cemetery Association (the Cemetery) and the Veterans' Memorial Park District (the Park) through tax levies. The levy for the Cemetery is voted millage and the levy for the park is unvoted millage. During 2012 and 2011, the Cemetery received \$13,045 and \$12,656, respectively, and the Park received \$1,632 and \$1,331, respectively, in tax revenue from the residents of the Township. This money is recoded as tax revenue and intergovernmental expenditures in the Special Revenue Fund Type. The Township receives and disburses the tax levy money to the Cemetery. The levy money belonging to the Park is recorded as memo only activity since the Hardin County Auditor, who is the fiscal agent for Park, distributes this money directly to the Park.

**5. RETIREMENT SYSTEM**

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 plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 1€ percent of their gross salaries. The Township contributed an amount equaling 11 percent for 2012 and 2011, respectively. The Township has paid all contributions required through December 31, 2012.

**6. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. 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**

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, 2012, 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

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

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, 2012 and 2011:

	<b>2012</b>	<b>2011</b>
Assets	\$34,771,270	\$35,086,165
Liabilities	(9,355,082)	(9,718,792)
Net Assets	\$25,416,188	\$25,367,373

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.9 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2011 and 2010, 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 \$1,000.

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.

<b>Contributions to OTARMA</b>	
<b>2012</b>	<b>2011</b>
\$1,904.00	\$1,900.00

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.

**7. JOINTLY GOVERNED ORGANIZATIONS**

**A. Hardin County Regional Planning Commission**

The Hardin County Regional Planning Commission (the Commission) is a joint venture between the County, The Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty seven members, any of which may hold any other public office. The Township is represented by one member.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**7. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

The Commission makes, studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and government characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Kenton, Ohio 43326.

**B. BKP Ambulance District**

The BKP Ambulance District (the District) is jointly governed organization with Buck, Cessna, Dudley, Goshen, Lynn, and Pleasant Townships; and the City of Kenton. A seven-member Board of Trustees governs the District with each political subdivision within the District appointing one member. The District provides ambulance services within the District.

Operating funds for the District are provided from property taxes assessed against property owners located within the District and charges assessed for services of the District. Financial information can be obtained from Vicki Collins, Clerk, 439 South Main Street, Kenton, Ohio 43326.

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# Dave Yost • Auditor of State

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

Goshen Township  
Hardin County  
9264 TR 225  
Kenton, Ohio 43326

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 Goshen Township, Hardin County, (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated October 2, 2013, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits. We also noted that in 2011 the Township adopted Governmental Standards Board Statement No. 54.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Government'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 Government'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 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 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 finding 2012-001 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, 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 2012-002 and 2012-003.

***Entity's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses 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 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 "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

October 2, 2013

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011**

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

**FINDING NUMBER 2012-001**

**Material Weakness**

**Accuracy of Financial Reporting**

Procedures and controls should be in place to prevent and detect errors in the accounting records, financial statements, and notes to the financial statements to help assure that the users have accurate and complete information.

The 2012 and 2011 accounting records and financial statements had the following recording errors:

Fund Type	Year	Amount	Receipt Source	Township Classification	Ohio Township Handbook Classification
General	2012	\$5,139	Homestead and Rollback	Property Taxes	Intergovernmental
Special Revenue – Grove Cemetery	2012	\$1,769	Homestead and Rollback	Property Taxes	Intergovernmental
Special Revenue – Fire	2012	\$2,909	Homestead and Rollback	Property Taxes	Intergovernmental
Special Revenue – Park Levy	2012	\$239	Homestead and Rollback	Property Taxes	Intergovernmental
Special Revenue – Road & Bridge	2012	\$956	Homestead and Rollback	Property Taxes	Intergovernmental
General	2011	\$4,247	Homestead and Rollback	Property Taxes	Intergovernmental
Special Revenue – Grove Cemetery	2011	\$1,845	Homestead and Rollback	Property Taxes	Intergovernmental
Special Revenue – Fire	2011	\$3,109	Homestead and Rollback	Property Taxes	Intergovernmental
Special Revenue – Park Levy	2011	\$192	Homestead and Rollback	Property Taxes	Intergovernmental
Special Revenue – Road & Bridge	2011	\$769	Homestead and Rollback	Property Taxes	Intergovernmental
Special Revenue	2011	\$264,004	Motor Vehicle License Tax; Gasoline Tax; and Property Taxes restricted for road and bridges, and fire protection	Assigned Fund Balance	Restricted Fund Balance

**FINDING NUMBER 2012-001  
(Continued)**

During 2012 \$1,753 of “memo” receipts were recorded in the Park Levy Fund but only \$1,632 of related “memo” disbursements were recorded. This resulted in a variance of \$121 which was eliminated with a fund balance adjustment on October 31, 2012 between the Park Levy Fund and the General Fund. This fund balance adjustment rolled back to the January 1, 2012 opening balances which created a variance between the opening balances and the December 31, 2011 ending balances within the Township accounting records and the annual financial reports. While this adjustment resulted in a zero fund balance in the Park Levy Fund at December 31, 2012 it also overstated the General Fund balance at December 31, 2012 by \$121

In addition, the 2012 and 2011 notes to the financial statements included information that did not agree to supporting documentation and/or the financial statements, and did not include relevant note disclosure such as fund balance classifications under Governmental Accounting Standards Board Statement No. 54.

The accompanying financial statements and notes to the financial statements have been adjusted to correct the errors identified above. The accounting records were adjusted to correct the \$121 recording error in the Park Levy and General funds.

Errors in the financial statements, notes to the financial statements, and supporting ledgers inhibit the ability of both the Township Fiscal Officer and the Trustees to monitor financial activity and to make sound financial decisions. Reliance on financial information that contains errors could result in noncompliance with laws and regulations applicable to the Township. In addition, financial information with errors reduces the likelihood that irregularities will be detected in a timely manner.

The Township Fiscal Officer should review the Ohio Township Handbook, Auditor of State Bulletins, and other resources for guidance in correctly classifying receipts, disbursements, fund balances, and funds; and the preparation of notes to the financial statements. Periodically, the Trustees should perform a review of the accounting ledgers to help identify errors and/or irregularities. Prior to submission to the Auditor of State, the annual financial statements and notes should be reviewed for accuracy.

**OFFICIALS’ RESPONSE:** The financial statements submitted do not contain any mathematical errors. but everything entered into the software as it was obtained from the county auditor’s office. Neither myself, or any Trustee has had any problem making decisions based on any of these financial statements.

**AUDITOR OF STATE’S CONCLUSION:** This finding does not indicate there were mathematical errors in the financial statements. The receipt classification errors pertained to receipts received from the State of Ohio and not the County Auditor. Actual receipts for each line item should be monitored against the respective budgeted receipt. When there are receipt classification errors management cannot determine if actual receipts by source are in-line with budgeted nor detected irregularities in a timely manner.

**FINDING NUMBER 2012-002**

**Noncompliance Citation**

**Ohio Rev. Code Section 135.03** states eligible depositories include national banks and banks defined in ORC Section 1101.01. **Ohio Rev. Code Section 1101.01 (B)** states that a “Bank” means a corporation that solicits, receives, or accepts money or its equivalent for deposit as a business, whether the deposit is made by check or is evidenced by a certificate of deposit, passbook, note, receipt, ledger card, or otherwise.

“Bank” also includes a state bank or a corporation doing business as a bank or savings bank under authority granted by the bank regulatory authority or another state of the United States or another country, but does not include a savings association, savings bank, or credit union.

**FINDING NUMBER 2012-002  
(Continued)**

The Township held money in a checking account, savings account and a money market account at a local credit union, which is not an eligible depository according to Ohio Revised Code Section 135.03. At December 31, 2012 and 2011, \$390,608 (approximately 80%) and \$258,986 (approximately 63%), respectively, of the Township's deposits were held in this credit union.

The failure to maintain deposits in an eligible institution may increase the Township's risk of a loss of public funds. The Township should maintain all deposits and investments in institutions that are eligible per Ohio Rev. Code Section 135.03.

**OFFICIALS' RESPONSE:** We did not receive a response from Officials to this Finding.

**FINDING NUMBER 2012-003**

**Noncompliance Citation**

**Ohio Rev. Code 2921.42 (A)(4)** states that no public official shall knowingly have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which the public official is connected.

During 2012 and 2011, Trustee Allen Barrett, was a member of the Board of Directors of Quest Federal Credit Union. As of December 31, 2012 and 2011, the Township held \$390,608 (approximately 80%) and \$258,986 (approximately 63%), respectively, of its deposits in this credit union. **Ohio Rev. Code 2921.42 (A)(4)** prohibits Mr. Barrett from having an interest in a public contract. There was no documentation to support Mr. Barrett disclosed his interest in writing to the remaining members of the board and refrained from any participation.

This matter will be referred to the Ohio Ethics Commission.

**OFFICIALS' RESPONSE:** Mr. Barrett, although on the Board of the Quest Federal Credit Union, did not participate in the conversation, and abstained from voting on whether to become a member and place deposits into the credit union, when funds were originally transferred from Sky Bank to Quest, in June of 2000. During 2011 and 2012 there was absolutely no business conducted that required any conversation or motions in regards to Quest Federal Credit Union. This township does not have a contract for deposits with Quest, and Mr. Barrett has absolutely no interest in Quest.

**AUDITOR OF STATE'S CONCLUSION:** The June 5, 2000 Township minutes show that Trustees James Naus and Robert Wood voted to approve the transfer of money to Quest Federal Credit Union, and Trustee Allen Barrett abstained from the vote. The Township received noncompliance citations in the 2000-1999, 2002-2001, and 2004-2003 audit reports as the result of maintaining deposits at this Credit Union. The audit reports for 2006-2005 and 2008-2007 did not include noncompliance citations since deposits were held in a bank at year-end. The 2010-2009 audit report included the noncompliance citation for depositing money in this Credit Union since money was again deposited in the credit union during 2009. The Trustees in Office during 2009 were Joseph Sherman, Richard Barrett, and Allen Barrett. No evidence was provided that the Trustees holding office during 2009 had voted to move this money or designated the Credit Union as a depository as required by Ohio Rev. Code Section 135.12(B).

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-01	The Township's financial statements contained classification errors.	No	Repeated as 2012-001
2010-02	Ohio Rev. Code Section 135.03; deposits were held in a credit union which is not an eligible depository.	No	Repeated as 2012-002



# Dave Yost • Auditor of State

**GOSHEN TOWNSHIP**

**HARDIN 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 3, 2013**