



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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GREENFIELD TOWNSHIP
FAIRFIELD COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2013 and 2012
Fiscal Years Audited Under GAGAS: 2013 and 2012



Dave Yost • Auditor of State

Board of Trustees
Greenfield Township
4663 Carroll Cemetery Road
Carroll, Ohio 43112

We have reviewed the *Independent Auditor's Report* of Greenfield Township, Fairfield County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Greenfield Township is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 4, 2014, 2014

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Greenfield Township
Fairfield County, Ohio
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Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Greenfield Township
Fairfield County
4663 Carroll Cemetery Road
Carroll, Ohio 43112

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Greenfield Township, Fairfield County, (the Township) as of and for the years ended December 31, 2013 and 2012.

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 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these 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, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Greenfield Township, Fairfield County, as of December 31, 2013 and 2012, 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 July 17, 2014, 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.

Balestra, Harr & Scherer, CPAs
Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
July 17, 2014

Greenfield Township, Fairfield County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
 Governmental Funds
 For the Year Ended December 31, 2013

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 59,788	\$ 1,147,119	\$ 134,420	\$ -	\$ 1,341,327
Charges for Services	-	210,794	-	-	210,794
Licenses, Permits and Fees	90,210	-	-	-	90,210
Intergovernmental	28,547	252,648	15,642	-	296,837
Earnings on Investments	6,132	612	-	-	6,744
Miscellaneous	4,941	38,323	-	-	43,264
<i>Total Cash Receipts</i>	<u>189,618</u>	<u>1,649,496</u>	<u>150,062</u>	<u>-</u>	<u>1,989,176</u>
Cash Disbursements					
Current:					
General Government	227,618	-	-	-	227,618
Public Safety	-	1,000,166	-	-	1,000,166
Public Works	-	531,432	-	-	531,432
Health	34,715	20,138	-	-	54,853
Capital Outlay	-	0	-	78,258	78,258
Debt Service:					
Principal Retirement	-	-	70,000	-	70,000
Interest and Fiscal Charges	-	-	42,552	-	42,552
<i>Total Cash Disbursements</i>	<u>262,333</u>	<u>1,551,736</u>	<u>112,552</u>	<u>78,258</u>	<u>2,004,879</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>(72,715)</u>	<u>97,760</u>	<u>37,510</u>	<u>(78,258)</u>	<u>(15,703)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	-	945	-	-	945
Transfers In	-	-	-	70,000	70,000
Transfers Out	-	(70,000)	-	-	(70,000)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(69,055)</u>	<u>-</u>	<u>70,000</u>	<u>945</u>
<i>Net Change in Fund Cash Balances</i>	<u>(72,715)</u>	<u>28,705</u>	<u>37,510</u>	<u>(8,258)</u>	<u>(14,758)</u>
<i>Fund Cash Balances, January 1</i>	<u>798,084</u>	<u>1,680,027</u>	<u>144,392</u>	<u>359,102</u>	<u>2,981,605</u>
Fund Cash Balances, December 31					
Restricted	-	1,283,938	181,902	-	1,465,840
Committed	-	424,794	-	350,844	775,638
Assigned	2,000	-	-	-	2,000
Unassigned	723,369	-	-	-	723,369
<i>Fund Cash Balances, December 31</i>	<u>\$ 725,369</u>	<u>\$ 1,708,732</u>	<u>\$ 181,902</u>	<u>\$ 350,844</u>	<u>\$ 2,966,847</u>

See accompanying notes to the financial statements.

Greenfield Township, Fairfield County
Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash Balance
Fiduciary Fund Type
For the Year Ended December 31, 2013

	<u>Private Purpose Trust</u>
Operating Cash Receipts	
Earnings on Investments	\$ 39
<i>Total Operating Cash Receipts</i>	<u>39</u>
<i>Net Change in Fund Cash Balances</i>	39
<i>Fund Cash Balances, January 1</i>	<u>26,066</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 26,105</u></u>

See accompanying notes to the financial statements.

Greenfield Township, Fairfield County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 62,194	\$ 1,207,422	\$ 135,434	\$ -	\$ 1,405,050
Charges for Services	-	201,471	-	-	201,471
Licenses, Permits and Fees	93,417	-	-	-	93,417
Intergovernmental	79,176	246,015	15,012	-	340,203
Earnings on Investments	8,197	789	-	-	8,986
Miscellaneous	984	29,043	2,916	-	32,943
<i>Total Cash Receipts</i>	<u>243,968</u>	<u>1,684,740</u>	<u>153,362</u>	<u>-</u>	<u>2,082,070</u>
Cash Disbursements					
Current:					
General Government	219,572	-	-	-	219,572
Public Safety	-	1,008,270	-	-	1,008,270
Public Works	2,500	453,832	-	-	456,332
Health	32,268	24,053	-	-	56,321
Capital Outlay	-	-	-	25,000	25,000
Debt Service:					
Principal Retirement	-	-	75,000	-	75,000
Interest and Fiscal Charges	-	-	104,667	-	104,667
<i>Total Cash Disbursements</i>	<u>254,340</u>	<u>1,486,155</u>	<u>179,667</u>	<u>25,000</u>	<u>1,945,162</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>(10,372)</u>	<u>198,585</u>	<u>(26,305)</u>	<u>(25,000)</u>	<u>136,908</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	-	35,355	-	-	35,355
Bonds Issued	-	-	1,415,000	-	1,415,000
Premium on Bonds Issued	-	-	232,714	-	232,714
Payment to Bond Escrow Agent	-	-	(1,594,978)	-	(1,594,978)
Transfers In	-	-	-	70,000	70,000
Transfers Out	-	(70,000)	-	-	(70,000)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(34,645)</u>	<u>52,736</u>	<u>70,000</u>	<u>88,091</u>
<i>Net Change in Fund Cash Balances</i>	<u>(10,372)</u>	<u>163,940</u>	<u>26,431</u>	<u>45,000</u>	<u>224,999</u>
<i>Fund Cash Balances, January 1</i>	<u>808,456</u>	<u>1,516,087</u>	<u>117,961</u>	<u>314,102</u>	<u>2,756,606</u>
Fund Cash Balances, December 31					
Restricted	-	1,224,031	144,392	-	1,368,423
Committed	-	455,996	-	359,102	815,098
Unassigned (Deficit)	798,084	-	-	-	798,084
<i>Fund Cash Balances, December 31</i>	<u>\$ 798,084</u>	<u>\$ 1,680,027</u>	<u>\$ 144,392</u>	<u>\$ 359,102</u>	<u>\$ 2,981,605</u>

See accompanying notes to the financial statements.

Greenfield Township, Fairfield County
Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash Balance
Fiduciary Fund Type
For the Year Ended December 31, 2012

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	\$ 40
<i>Total Operating Cash Receipts</i>	40
<i>Net Change in Fund Cash Balances</i>	40
<i>Fund Cash Balances, January 1</i>	26,026
<i>Fund Cash Balances, December 31</i>	\$ 26,066

See accompanying notes to the financial statements.

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Greenfield Township, Fairfield County, Ohio (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, fire protection and emergency medical services.

The Township participates in a jointly governed organization and a public entity risk pool. Notes 9 and 10 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organization:
Fairfield County Regional Planning Commission

Public Entity Risk Pool:
Ohio Township Association Risk Management Authority (OTARMA)

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.

The Township invests in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported as 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:

General Fund

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

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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 Funds:

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

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

Fire Operation Fund - This fund receives property tax money for providing fire protection and emergency services to the Township.

Debt Service Fund

This fund accounts for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Obligation Bond Retirement Fund - This fund receives property taxes for the payment of general long-term debt principal, interest, and related costs.

Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Fire Capital Projects Fund - This fund receives transfers from the Fire Operation Fund annually to accumulate funds for purchasing fire apparatus.

Fiduciary Fund

Fiduciary funds include private purpose trust 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.

The Township's private purpose trust fund is for programs that are held for cemetery maintenance.

E. Budgetary Process

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

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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.

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.

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 2013 and 2012 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:

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.

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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.

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.

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:

	2013	2012
Demand deposits	\$ 1,992,952	\$ 2,007,671
Certificates of deposit	1,000,000	1,000,000
Total deposits and investments	\$ 2,992,952	\$ 3,007,671

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 195,640	\$ 189,618	\$ (6,022)
Special Revenue	1,562,050	1,649,496	87,446
Debt Service	140,000	150,062	10,062
Capital Projects	351,828	70,000	(281,828)
Trust	51	39	(12)
Total	\$ 2,249,569	\$ 2,059,215	\$ (190,354)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 380,775	\$ 264,333	\$ 116,442
Special Revenue	1,950,447	1,623,043	327,404
Debt Service	125,550	112,552	12,998
Capital Projects	526,261	154,433	371,828
Total	\$ 2,983,033	\$ 2,154,361	\$ 828,672

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 205,687	\$ 243,968	\$ 38,281
Special Revenue	1,585,050	1,684,740	99,690
Debt Service	140,000	153,362	13,362
Capital Projects	70,000	70,000	-
Trust	57	40	(17)
Total	\$ 2,000,794	\$ 2,152,110	\$ 151,316

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 384,328	\$ 254,340	\$ 129,988
Special Revenue	1,818,350	1,567,017	251,333
Debt Service	180,536	179,667	869
Capital Projects	90,000	25,000	65,000
Total	\$ 2,473,214	\$ 2,026,024	\$ 447,190

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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.

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.

Fairfield 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, 2013 was as follows:

	Principal	Interest Rate
2004 Fire Station General Obligation Bonds	\$ 50,000	5%
2012 Refunding Fire Station General Obligation Bonds	1,360,000	2% - 3%
Total	\$ 1,410,000	

In 2004, the Township issued the \$1,784,000 Fire Station General Obligation Bonds to finance the construction of and furnishings of a firehouse. The Township's taxing authority collateralized the bonds.

The Township issued the 2012 \$1,415,000 Fire Station Refunding General Obligation Bonds for the purpose of refunding a portion of the 2004 Fire Station General Obligation Bonds. The Township's taxing authority collateralized the bonds.

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

Year Ending December 31	2004 General Obligation Bonds	2012 Refunding General Obligation Bonds
2014	\$ 52,500	\$ 64,693
2015	-	114,093
2016	-	107,493
2017	-	110,993
2018	-	114,393
2019-2023	-	560,085
2024-2028	-	558,215
2029-2032	-	446,350
	\$ 52,500	\$ 2,076,315

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

6. Retirement Systems

Retirement Rates	Year	Member Rate	Employer Rate
OP&F – full time firefighters	2005-June 30, 2013	10%	24%
PERS – Local	2008-2013	10%	14%
OP&F – full time firefighters	July 1, 2013	10.75%	24%

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. 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 2012, OP&F participants contributed 10% of their wages. Starting on July 1, 2013, OP&F participants contributed 10.75% of their wages. For 2013 and 2012, the Township contributed to OP&F an amount equal to 24% full-time fire fighters' wages, respectively. For 2013 and 2012, 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, 2013.

7. Risk Management

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

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

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

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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, 2013 and 2012 (the latest information available):

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$20,000.

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>2013</u>	<u>2012</u>
\$36,403	\$36,062

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.

8. Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

9. Jointly Governed Organization

Fairfield Regional Planning Commission. The Township appoints a member of the Board of Trustees to represent the Township on the 47 member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually based on the per capita of the Township. There is no ongoing financial responsibility by the Township.

10. Public Entity Risk Pool

Ohio Township Association Risk Management Authority (OTARMA). The Township participates in OTARMA, a risk sharing pool available to Ohio townships. OTARMA provides property and casualty insurance coverage for its members and is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the member's deductibles. Note 7 to the financial statements provide additional information for this entity.

11. Subsequent Events

In July 2013, a Project Grant Agreement was entered into between the Ohio Public Works Commission and the Township named the Election House Road Improvements, but none of the funding for this project has been received as of December 31, 2013. The amount of the grant is expected to be approximately \$282,000 with the Township expected to contribute \$99,000 to the project. The Request to Proceed was approved by the Ohio Public Works Commission on March 7, 2014, and the project commenced shortly after this date.



Balestra, Harr & Scherer, CPAs, Inc.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Greenfield Township
Fairfield County
4663 Carroll Cemetery Road
Carroll, Ohio 43112

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 Greenfield Township, Fairfield County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated July 17, 2014.

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.

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. 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. We consider finding 2013-001 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Township's Response to Findings

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Township's response and, accordingly, we express no opinion on it.

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.

Balestra, Harr & Scherer, CPAs
Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
July 17, 2014

**GREENFIELD TOWNSHIP
FAIRFIELD COUNTY
DECEMBER 31, 2013 AND 2012
SCHEDULE OF FINDINGS AND RESPONSES**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

- In 2012 and 2013, reclassifications were made to licenses, permits and fees and miscellaneous receipts to correctly state the financial statements. We also made reclassifications to the fund balances in accordance with GASB 54.
- The Township refunded a portion of the 2004 General Obligation Bonds with the issuance of the 2012 Refunding General Obligation Bonds. We made adjustments to record the Bonds Issued, Premium on Bonds Issued, Payment to Escrow Agent and Interest and Fiscal Charges.
- Transfers from Special Revenue funds to Capital Project funds were not recorded properly in the financial statements. Transfers In and Transfers Out were recorded twice within the same fund type for both 2012 and 2013. Transfers In were recorded as Transfers In within the Capital Projects funds, but were also recorded as Miscellaneous Receipts in the Capital Projects funds, which overstated the ending cash balance in this fund. Transfers Out were recorded as Transfers Out in the Special Revenue funds, but were also recorded as both a reduction of Miscellaneous Receipts and an increase of Public Safety and Public Works expenditures. This understated the Special Revenue funds for both 2012 and 2013. The financial statement deviated from the accounting system used by the Township for the accounts mentioned.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

Client Response: When we do a bond refund in the future we will consult a CPA on the proper classification. Correct classifications will be used.

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Dave Yost • Auditor of State

GREENFIELD TOWNSHIP

FAIRFIELD 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
SEPTEMBER 18, 2014**