



Certified Public Accountants, A.C.

**PUSHETA TOWNSHIP
AUGLAIZE COUNTY
Regular Audit
For the Years Ended December 31, 2017 and 2016**

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St.,
Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave.,
Suite 300
Cambridge, OH 43725
740.435.3417

www.perrycpas.com



Dave Yost • Auditor of State

Township Trustees
Pusheta Township
15930 Wapakoneta-Fisher Road
Wapakoneta, Ohio 45895

We have reviewed the *Independent Auditor's Report* of Pusheta Township, Auglaize County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. 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. Pusheta 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 11, 2018

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PUSHETA TOWNSHIP
AUGLAIZE COUNTY

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INDEPENDENT AUDITOR'S REPORT

July 2, 2018

Pusheta Township
Auglaize County
15930 Wapakoneta-Fisher Road
Wapakoneta, Ohio 45895

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Pusheta Township**, Auglaize County, (the Township) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio 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 (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Pusheta Township, Auglaize County, as of December 31, 2017 and 2016, and 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2018, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**PUSHETA TOWNSHIP
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 28,150	\$ 140,971	\$ 169,121
Licenses, Permits and Fees	2,800	-	2,800
Intergovernmental	23,395	114,163	137,558
<i>Total Cash Receipts</i>	<i>54,345</i>	<i>255,134</i>	<i>309,479</i>
Cash Disbursements			
Current:			
General Government	47,684	54,816	102,500
Public Safety	-	51,849	51,849
Public Works	-	98,347	98,347
Health	4,250	-	4,250
Other	-	20,126	20,126
Capital Outlay	-	57,548	57,548
Debt Service:			
Principal Retirement	-	20,218	20,218
<i>Total Cash Disbursements</i>	<i>51,934</i>	<i>302,904</i>	<i>354,838</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>2,411</i>	<i>(47,770)</i>	<i>(45,359)</i>
Other Financing Receipts			
Debt Proceeds	-	57,548	57,548
Other Financing Sources	1,682	-	1,682
<i>Total Other Financing Receipts</i>	<i>1,682</i>	<i>57,548</i>	<i>59,230</i>
<i>Net Change in Fund Cash Balances</i>	<i>4,093</i>	<i>9,778</i>	<i>13,871</i>
<i>Fund Cash Balances, January 1</i>	<i>40,789</i>	<i>113,194</i>	<i>153,983</i>
Fund Cash Balances, December 31			
Restricted	-	78,219	78,219
Committed	-	44,753	44,753
Assigned	44,882	-	44,882
<i>Fund Cash Balances, December 31</i>	<i>\$ 44,882</i>	<i>\$ 122,972</i>	<i>\$ 167,854</i>

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

PUSHETA TOWNSHIP
AUGLAIZE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Pusheta Township, Auglaize 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, fire protection, and emergency medical services. The Township contracts with the St. Johns Vol. Fire & Rescue and Botkins Fire Dept. to provide fire services and St. Johns Vol. Fire & Rescue and Anna Rescue, to provide ambulance services. The Township appropriates fire fund money to support a volunteer fire department

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

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provide additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund accounts for and reports that portion of road and bridge tax restricted for maintenance and repair of roads within the Township.

Fire Levy Fund The fire levy fund accounts for and reports that portion of fire contracts for fire and emergency medical services coverage within the Township.

Permissive Vehicle License Fund The permissive vehicle license tax fund accounts for and reports that portion of salt and grit that are used within the Township.

PUSHETA TOWNSHIP
AUGLAIZE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

The Township maintains an interest-bearing checking account. The Township does not hold any investments.

PUSHETA TOWNSHIP
AUGLAIZE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 41,475	\$ 56,027	\$ (14,552)
Special Revenue	250,651	312,682	(62,031)
Total	\$ 292,126	\$ 368,709	\$ (76,583)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 81,014	\$ 51,934	\$ 29,080
Special Revenue	363,845	302,904	60,941
Total	\$ 444,859	\$ 354,838	\$ 90,021

PUSHETA TOWNSHIP
AUGLAIZE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 4 – Deposits

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

	2017
Demand deposits	\$ 167,854
Total deposits	\$ 167,854

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 5 – Property Taxes

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

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

Note 6 - Risk Management

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

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

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

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, 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.

PUSHETA TOWNSHIP
AUGLAIZE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 6 - 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, 2017.

	2017
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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.

2017 Contributions to OTARMA
\$5,505

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.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

PUSHETA TOWNSHIP
AUGLAIZE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 8 – Postemployment Benefits

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

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Ford Motor Credit Company LLC Loan	\$ 37,330	5.50%
Total	\$ 37,330	

The Ford Motor Credit Company LLC Loan was issued to finance a utility truck for the Township for multi-functional purposes. Loan payments began on November 6, 2017.

Amortization

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

Year Ending December 31:	Utility Truck Loan
2018	\$ 20,218
2019	20,218
Total	\$ 40,436

**PUSHETA TOWNSHIP
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 30,169	\$ 108,035	\$ 138,204
Licenses, Permits and Fees	1,400	-	1,400
Intergovernmental	21,451	106,081	127,532
Miscellaneous	64	-	64
	<u>53,084</u>	<u>214,116</u>	<u>267,200</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
General Government	44,440	42,450	86,890
Public Safety	-	38,033	38,033
Public Works	-	85,534	85,534
Health	4,250	-	4,250
Other	-	38,869	38,869
	<u>48,690</u>	<u>204,886</u>	<u>253,576</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over Disbursements</i>	<u>4,394</u>	<u>9,230</u>	<u>13,624</u>
Other Financing Receipts			
Other Financing Sources	380	-	380
	<u>380</u>	<u>-</u>	<u>380</u>
<i>Total Other Financing Receipts</i>			
<i>Net Change in Fund Cash Balances</i>	<u>4,774</u>	<u>9,230</u>	<u>14,004</u>
<i>Fund Cash Balances, January 1</i>	<u>36,015</u>	<u>103,964</u>	<u>139,979</u>
Fund Cash Balances, December 31			
Restricted	-	77,154	77,154
Committed	-	36,040	36,040
Assigned	39,539	-	39,539
Unassigned	1,250	-	1,250
	<u>40,789</u>	<u>113,194</u>	<u>153,983</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 40,789</u>	<u>\$ 113,194</u>	<u>\$ 153,983</u>

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

PUSHETA TOWNSHIP
AUGLAIZE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Pusheta Township, Auglaize 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, fire protection, and emergency medical services. The Township contracts with the St. Johns Vol. Fire & Rescue and Botkins Fire Dept. to provide fire services and St. Johns Vol. Fire & Rescue and Anna Rescue, to provide ambulance services. The Township appropriates fire fund money to support a volunteer fire department

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Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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Fund Accounting

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Permissive Vehicle License Fund The permissive vehicle license tax fund accounts for and reports that portion of salt and grit that are used within the Township.

PUSHETA TOWNSHIP
AUGLAIZE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

The Township maintains an interest-bearing checking account. The Township does not hold any investments.

PUSHETA TOWNSHIP
AUGLAIZE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 41,235	\$ 53,464	\$ (12,229)
Special Revenue	191,667	214,116	(22,449)
Total	\$ 232,902	\$ 267,580	\$ (34,678)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 77,250	\$ 48,690	\$ 28,560
Special Revenue	294,754	204,886	89,868
Total	\$ 372,004	\$ 253,576	\$ 118,428

PUSHETA TOWNSHIP
AUGLAIZE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 4 – Deposits

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

	2016
Demand deposits	\$ 153,983
Total deposits	\$ 153,983

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 5 – Property Taxes

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

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

Note 6 - 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, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

PUSHETA TOWNSHIP
AUGLAIZE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 6 - 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, 2016.

	2016
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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.

2016 Contributions to OTARMA
\$5,505

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.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

PUSHETA TOWNSHIP
AUGLAIZE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 8 – Postemployment Benefits

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



Certified Public Accountants, A.C.

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

July 2, 2018

Pusheta Township
Auglaize County
15930 Wapakoneta-Fisher Road
Wapakoneta, Ohio 45895

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Pusheta Township**, Auglaize County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated July 2, 2018, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

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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*.

We also noted a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 2, 2018.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**PUSHETA TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Material Weakness

Posting Receipts, Disbursements and Fund Balance Classification

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. Fund balances should be properly classified based on Governmental Account Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54).

Receipts, disbursements, and fund balances were not always posted or classified correctly. The following errors were noted:

- Rollbacks were improperly classified as Property Tax revenue instead of Intergovernmental in 2017;
- Debt was not properly reported in the accounting system in the Gas Tax Fund in 2017;
- A portion of the fund balances were classified as Unassigned instead of Assigned in the General Fund in 2017 and 2016;
- A portion of the fund balances were classified as Committed instead of Restricted in the Motor Vehicle License Tax Fund in 2017 and 2016;

Not posting revenues, disbursements, and fund balances accurately resulted in the financial statements requiring reclassifications. The accompanying financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend the management perform a detailed review of its draft financial statements. Such review should include procedures to ensure fund balances are correctly classified on the financial statements. In addition, the Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance with fund balance classifications and the Township Handbook for assistance in properly recording receipts and disbursements.

Management’s Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2017-002

Material Weakness

Financial Reporting and Notes to the Financial Statements

The required components of the financial statements will vary by entity type and basis of accounting. Regulatory Cash Basis entities are required to file financial statements and notes to the financial statements within 60 days of the fiscal year end. GASB Codification 2300 explains that notes to the financial statements are intended to communicate information that is necessary for a fair presentation of the financial statements that is not readily apparent from, or cannot be included in, the financial statements themselves. The notes to the financial statements are an integral part of the financial statements, intended to be read with the financial statements, and are the entity’s responsibility to prepare. To ensure compliance with the annual financial report filing requirements, entities should plan sufficient time and engage any necessary assistance to prepare their annual financial report.

PUSHETA TOWNSHIP
AUGLAIZE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-002 (CONTINUED)

Material Weakness (Continued)

Financial Reporting and Notes to the Financial Statements (Continued)

During the audit, aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures. The following notes were added to the audit report:

- Deposits and Investments in 2017 and 2016
- Defined Benefit Pension Plans in 2017 and 2016
- Postemployment Benefits in 2017 and 2016
- Debt in 2017

We recommend the Township use the available templates for financial statements and notes to the financial statements on the Auditor of State's website to prepare an accurate annual financial report.

Sound financial reporting is the responsibility of the Township and is essential to help ensure the information provided to the readers of the financial statements is complete and accurate. To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. In addition, the Township should review the financial statements and notes prior to submission to the Hinkle system.

Officials' Response: Officials did not provide a response to this finding.

**PUSHETA TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Financial Statement Errors	Corrected	
2015-002	Equity Classification	Not Corrected	Reissued as Finding 2017-001
2015-003	Monitoring of Financial Activity	Corrected	

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Dave Yost • Auditor of State

PUSHETA TOWNSHIP

AUGLAIZE 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 25, 2018**