

**TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO**

FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Trustees
Tymochtee Township
3497 County Highway 35
Sycamore, Ohio 44882

We have reviewed the *Independent Auditors' Report* of Tymochtee Township, Wyandot County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2011 through December 31, 2012. 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. Tymochtee 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 25, 2013

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**Tymochtee Township
Wyandot County, Ohio**

**For the Years Ended
December 31, 2012 and 2011**

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Independent Auditors' Report

Tymochtee Township
Wyandot County, Ohio

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Tymochtee Township, Wyandot County, Ohio (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 (ORC) Section 117.38 and Ohio Administrative Code (OAC) 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 that 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 ORC Section 117.38 and OAC 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 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 Tymochtee Township, Wyandot County, Ohio 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 ORC Section 117.38 and OAC Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 Tymochtee 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 July 19, 2013, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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.

Wolf, Rogers, Dickey & Co.
Certified Public Accountants

July 19, 2013

Tymochtee Township
Wyandot County, Ohio
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>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Property and other local taxes	\$ 24,580	55,904	-	80,484
Licenses, permits and fees	-	2,160	-	2,160
Intergovernmental	132,162	104,194	-	236,356
Special assessments	-	4,697	-	4,697
Earnings on investments	98	18	76	192
Other revenue	<u>864</u>	<u>1,900</u>	<u>-</u>	<u>2,764</u>
Total cash receipts	157,704	168,873	76	326,653
Cash disbursements:				
Current:				
General government	34,861	-	-	34,861
Public safety	5,047	44,648	-	49,695
Public works	-	78,173	-	78,173
Health	8,397	391	-	8,788
Human services	6,621	-	-	6,621
Capital outlay	<u>-</u>	<u>224</u>	<u>-</u>	<u>224</u>
Total cash disbursements	<u>54,926</u>	<u>123,436</u>	<u>-</u>	<u>178,362</u>
Total receipts over disbursements	102,778	45,437	76	148,291
Fund cash balances, January 1	<u>51,207</u>	<u>38,557</u>	<u>9,402</u>	<u>99,166</u>
Fund cash balances, December 31				
Nonspendable	-	-	7,531	7,531
Restricted	-	83,994	1,947	85,941
Unassigned	<u>153,985</u>	<u>-</u>	<u>-</u>	<u>153,985</u>
Fund cash balances, December 31	\$ <u>153,985</u>	<u>83,994</u>	<u>9,478</u>	<u>247,457</u>

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

**Tymochtee Township
Wyandot County, Ohio
Combined Statement of Receipts, Disbursements, and
Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Property and other local taxes	\$ 24,710	56,586	-	81,296
License, permits and fees	-	900	-	900
Intergovernmental	34,814	104,896	-	139,710
Special assessments	-	2,812	-	2,812
Earnings on investments	130	22	109	261
Miscellaneous	<u>789</u>	<u>-</u>	<u>-</u>	<u>789</u>
Total cash receipts	60,443	165,216	109	225,768
Cash disbursements:				
Current:				
General government	60,871	-	-	60,871
Public safety	33	43,978	-	44,011
Public works	-	63,537	-	63,537
Health	8,689	662	-	9,351
Human services	150	-	-	150
Debt service:				
Redemption of principal	-	45,314	-	45,314
Interest	<u>-</u>	<u>2,623</u>	<u>-</u>	<u>2,623</u>
Total cash disbursements	<u>69,743</u>	<u>156,114</u>	<u>-</u>	<u>225,857</u>
Total receipts over (under) disbursements	(9,300)	9,102	109	(89)
Fund cash balances, January 1	<u>60,507</u>	<u>29,455</u>	<u>9,293</u>	<u>99,255</u>
Fund cash balances, December 31				
Nonspendable	-	-	7,531	7,531
Restricted	-	38,557	1,871	40,428
Unassigned	<u>51,207</u>	<u>-</u>	<u>-</u>	<u>51,207</u>
Fund cash balances, December 31	\$ <u>51,207</u>	<u>38,557</u>	<u>9,402</u>	<u>99,166</u>

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

**Tymochtee Township
Wyandot County, Ohio
Notes to the Financial Statements
December 31, 2012 and 2011**

(1) Summary of Significant Accounting Policies

Description of the Entity

Tymochtee Township, Wyandot County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and cemetery operations. The Township contracts with the Village of Sycamore and the McCutchenville Volunteer Fire Departments to receive fire and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State of Ohio.

Cash

Certificates of deposit are reported as cash. Accordingly, purchases of certificates of deposit are not recorded as disbursements, and sales of certificates of deposit are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Tymochtee Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2012 and 2011**

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

Special Revenue Funds

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

Motor Vehicle License Tax Fund – This fund receives vehicle registration tax money.

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

Road and Bridge Fund – This fund receives property tax and other revenues collected to construct, maintain and repair Township roads.

Special Levy Fund (Fire Protection) – This fund receives fire protection tax levy money to pay for fire protection services and equipment.

Cemetery Fund – This fund receives money from fees and services to maintain the general upkeep of the cemeteries.

Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant Permanent Fund:

Mexico Cemetery and Tippen/Pennington/Kear Funds – These funds consist of certificates of deposit given to the Township to pay for upkeep of the Township cemetery. In accordance with the agreements, the Township only uses the interest income from the certificates of deposit.

**Tymochtee Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2012 and 2011**

(1) Summary of Significant Accounting Policies, continued

Budgetary Process

The Ohio Revised Code (ORC) requires each fund to 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. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

Encumbrances

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

A summary of 2012 and 2011 budgetary activity appears in Note 4.

Fund Balance Reserves

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are contractually required to be maintained intact.

Restricted – Fund balance is reported as 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.

**Tymochtee Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2012 and 2011**

(1) Summary of Significant Accounting Policies, continued

Fund Balance Reserves, continued

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained 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.

Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

(2) Change in Accounting Principle

For the year ended December 31, 2011, the Township has adopted Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in no changes to fund balances at December 31, 2010 as previously reported.

(3) Equity in Pooled Cash

The Township maintains a cash pool used by all funds. The ORC prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2012</u>	<u>2011</u>
Demand deposits	\$ 239,926	91,635
Certificates of deposit	<u>7,531</u>	<u>7,531</u>
Total deposits	\$ <u>247,457</u>	<u>99,166</u>

Tymochtee Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2012 and 2011

(3) Equity in Pooled Cash, continued

Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

(4) Budgetary Activity

Budgetary activity for the years ended December 31, 2012 and 2011 follows:

<u>Fund Type</u>	<u>2012 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$ 41,120	157,704	116,584
Special Revenue	159,616	168,873	9,257
Permanent	<u>100</u>	<u>76</u>	<u>(24)</u>
Total	\$ <u>200,836</u>	<u>326,653</u>	<u>125,817</u>

<u>Fund Type</u>	<u>2012 Budgeted vs. Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General	\$ 92,326	54,926	37,400
Special Revenue	197,171	123,436	73,735
Permanent	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>289,497</u>	<u>178,362</u>	<u>111,135</u>

<u>Fund Type</u>	<u>2011 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$ 42,120	60,443	18,323
Special Revenue	158,135	165,216	7,081
Permanent	<u>-</u>	<u>109</u>	<u>109</u>
Total	\$ <u>200,255</u>	<u>225,768</u>	<u>25,513</u>

**Tymochtee Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2012 and 2011**

(4) Budgetary Activity, continued

<u>Fund Type</u>	<u>2011 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 102,627	69,743	32,884
Special Revenue	187,590	156,114	31,476
Permanent	<u>1,762</u>	<u>-</u>	<u>1,762</u>
Total	\$ <u>291,979</u>	<u>225,857</u>	<u>66,122</u>

Although there was an unfavorable variance in 2012 between actual and budgeted receipts in the Permanent Fund, budgetary expenditures did not exceed actual available revenue in the fund. See Note 12 for details of material non-compliance with Ohio Budgetary Law.

(5) Property Tax

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

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

Tangible personal property 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.

(6) Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the ORC.

Contribution rates are also prescribed by the ORC. For 2012 and 2011, OPERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

**Tymochtee Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2012 and 2011**

(7) Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Workers' 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. (formerly known as American Risk Pooling Consultants Inc.), 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 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 (the latest information available):

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

At December 31, 2012 and 2011, respectively, liabilities above include approximately \$8.7 million 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 938 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$6,000.

**Tymochtee Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2012 and 2011**

(7) Risk Management, continued

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.

Contributions to OTARMA

2011	\$ 7,968
2012	8,069

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide 60 days written notice to OTARMA. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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) Debt Obligations

The Township's long-term debt activity for the year ended December 31, 2011 was as follows:

	<u>Balance</u> <u>12/31/2010</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/2011</u>
Daimler Chrysler Financial Services Americas	\$ 45,314	-	(45,314)	-

In 2008, the Township entered into a loan agreement for the purchase of a truck with Daimler Chrysler Financial Services Americas, LLC. The amount of the loan was \$110,971 and was due in annual installments of \$24,225 beginning June 16, 2008 through June 16, 2012 at 4.58% interest. The loan was paid off in 2011.

(9) Commitments

The Township is committed to a fire and emergency medical services (EMS) contract with the Village of Sycamore at a rate of 73% of Sycamore's share of levy money per year for fire services and 27% of the Sycamore's share of the tax levy for EMS per year through December 31, 2014. The Township is also committed to a fire service contract with the McCutchenville Fire Department at a rate of 50% of the amount of the fire levy through December 31, 2014.

**Tymochtee Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2012 and 2011**

(10) Jointly Governed Organizations

The Township does not participate in any jointly governed organizations.

(11) Subsequent Events

Subsequent events have been evaluated through July 19, 2013, which is the date the financial statements were available to be issued.

(12) Compliance

Contrary to Ohio law:

- The Township did not encumber all funds prior to expenditure.
- Actual receipts fell below budgeted receipts for the Permanent Fund but no amended Certificate of Estimated Resources was filed.
- The Township Fiscal Officer did not attend required continuing education or provide notice of exemption to the Auditor of State.

Wolf, Rogers, Dickey & Co.

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Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Required By Government Auditing Standards

Tymochtee Township
Wyandot County, Ohio

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 Tymochtee Township, Wyandot County, Ohio (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 July 19, 2013, wherein we noted the Township followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1. In addition, we noted that in 2011 the Township adopted Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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 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 2012-03 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 such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings 2012-01 through 2012-03.

The Township's response to the findings identified in our audit is described in the accompanying Schedule of Findings. 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.

Wolf, Rogers, Dickey & Co.
Certified Public Accountants

July 19, 2013

**Tymochtee Township
Wyandot County, Ohio
Schedule of Findings
December 31, 2012 and 2011**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2012-01
Noncompliance

Ohio Revised Code (ORC) Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury when such contract or order is made.

ORC Section 5705.41 also provides that if no certificate was furnished at the time that the contract was entered into, the fiscal officer may prepare a Then and Now Certificate stating (1) that there was at the time of the making of the contract and (2) at the time of the execution of this certificate a sufficient sum appropriated for the purpose of the contract in question in the treasury or in process of collection to the credit of the appropriate fund, free from previous encumbrances. We noted that funds were not encumbered prior to expenditure for eight of the twenty-two disbursements tested and a Then and Now Certificate was not prepared.

Response by Township

No written response received.

Finding Number 2010-02
Noncompliance

ORC Sections 135.14(B)(7), 135.142, 135.22, 135.35, 319.04, 321.46, and 733.27 requires subdivision treasurers to complete annual continuing education programs provided by the Treasurer of State (TOS). The TOS issues certificates indicating that the treasurer has successfully completed the continuing education program. However, the continuing education requirement does not apply to a subdivision treasurer who annually provides a notice of exemption to the Auditor of State, certified by the Treasurer of State (and confirmable through the TOS searchable database) that the treasurer is not subject to the continuing education requirements because the treasurer invests or deposits public funds in the following investments only:

- (1) Interim deposits pursuant to §135.14(B)(3);
- (2) STAR Ohio pursuant to §135.14(B)(6);
- (3) No-load money market mutual funds pursuant to §135.14(B)(5)

According to the TOS database, the Fiscal Officer has an exemption for 2008. The Fiscal Officer has not attended any continuing education provided by the Treasurer of State nor has the Fiscal Officer provided a notice of exemption to the Auditor of State, certified by the Treasurer of State that she is not subject to continuing education requirements.

Response by Township

No written response received.

**Tymochtee Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2012 and 2011**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2012-03
Material weakness/noncompliance

ORC Section 5705.36 provides that on or about the first day of each fiscal year, the fiscal officer shall certify to the County Auditor the total amount from all sources available for expenditures from each fund set up in the tax budget, with any balances that may exist at the end of preceding year. It further provides that encumbered but unexpended funds from the previous year shall not be included as available. This is generally referred to as the "first amended" certificate of estimated resources and shall serve as the basis of the annual appropriation resolution. Additionally, ORC Section 5705.36 provides that total appropriations made during the fiscal year from any fund shall not exceed the amount set forth as available for expenditure from such fund.

For 2011, the beginning estimated unencumbered balance did not agree to balances existing at the end of the preceding year. An amended certificate of estimated resources was not completed.

<u>2011</u>	<u>Unencumbered Balances per Audited Financial Statements at 12/31/2010</u>	<u>Certificate of Estimated Resources</u>	<u>Difference</u>
Fiduciary	\$ 9,293	1,762	7,531

In 2011, appropriations entered into the Uniform Accounting Network (UAN) did not agree to the adopted appropriation measure. However, actual budgetary expenditures did not exceed the amount entered in UAN.

<u>2011</u>	<u>Appropriation Resolution</u>	<u>Per UAN System</u>	<u>Difference</u>
Motor Vehicle License Tax	\$ 14,835	13,258	1,577
Cemetery	3,968	2,868	1,100
Special Assessment	<u>5,184</u>	<u>4,996</u>	<u>188</u>
	\$ <u>23,987</u>	<u>21,122</u>	<u>2,865</u>

**Tymochtee Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2012 and 2011**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2012-03, continued

In 2012, appropriations entered into UAN did not agree to the adopted appropriation measure. However, actual budgetary expenditures did not exceed the amount entered in UAN.

<u>2012</u>	<u>Appropriation Resolution</u>	<u>Per UAN System</u>	<u>Difference</u>
General	\$ 87,326	92,326	(5,000)
Special Levy	<u>44,032</u>	<u>44,648</u>	<u>(616)</u>
	\$ <u>131,358</u>	<u>136,974</u>	<u>(5,616)</u>

The UAN system has built-in safeguards to assist local governments in complying with budgetary requirements of the ORC; however, these safeguards cannot operate effectively when inaccurate appropriation and budgeted receipt data is input.

Response by Township

No written response received.

**Tymochtee Township
Wyandot County, Ohio
Schedule of Prior Audit Findings
December 31, 2012 and 2011**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
2010-01	ORC 5705.41 Fiscal officer must certify the commitment of money prior to the expenditure taking place	No	Repeat as Finding 2012-01.
2010-02	Appropriations exceeded estimated resources	Yes	Finding no longer valid.
2010-03	Appropriations exceeded available resources	Yes	Finding no longer valid.

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Dave Yost • Auditor of State

TYMOCHTEE TOWNSHIP

WYANDOT 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
OCTOBER 8, 2013**