

WHETSTONE TOWNSHIP
CRAWFORD COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012



Dave Yost • Auditor of State

Board of Trustees
Whetstone Township
4321 Crestline Road
Bucyrus, Ohio 44820

We have reviewed the *Independent Auditors' Report* of Whetstone Township, Crawford County, prepared by Holbrook & Manter, 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. Whetstone 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

October 29, 2014

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INDEPENDENT AUDITORS' REPORT

Whetstone Township
Crawford County
4321 Crestline Road
Bucyrus, Oh 44820

Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Whetstone Township, Crawford 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 of 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 requirements.

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

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 Whetstone Township, Crawford 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) permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 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.

Shulbrook & Mantel
Certified Public Accountants

Marion, Ohio
August 28, 2014

WHETSTONE TOWNSHIP
CRAWFORD COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Governmental Fund Types</u>			<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
CASH RECEIPTS:-				
Property tax and other local taxes	\$ 14,466	\$ 84,700	\$ 0	\$ 99,166
Charges for services	0	100	0	100
Licenses, permits and fees	700	28,561	0	29,261
Intergovernmental receipts	21,824	167,770	0	189,594
Earnings on investments	231	75	22	328
Miscellaneous	1,564	2,694	0	4,258
Total cash receipts	38,785	283,900	22	322,707
CASH DISBURSEMENTS:-				
Current:-				
General government	53,536	10,944	0	64,480
Public safety	4,908	16,489	0	21,397
Public works	1,850	153,839	0	155,689
Health	3,325	1,050	95	4,470
Total cash disbursements	63,619	182,322	95	246,036
Excess of receipts over (under) cash disbursements	(24,834)	101,578	(73)	76,671
OTHER FINANCING RECEIPTS (DISBURSEMENTS):-				
Sale of fixed assets	1,000	700	0	1,700
Total other financing receipts (disbursements)	1,000	700	0	1,700
Excess of cash receipts and other financing receipts over / (under) cash disbursements and other financing disbursements	(23,834)	102,278	(73)	78,371
Fund cash balances, December 31, 2013				
Nonspendable	0	0	5,000	5,000
Restricted	0	240,794	734	241,528
Committed	0	0	0	0
Assigned	0	60,351	0	60,351
Unassigned	228,393	0	0	228,393
Fund cash balances, December 31, 2013	\$ 228,393	\$ 301,045	\$ 5,734	\$ 535,172

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

WHETSTONE TOWNSHIP
CRAWFORD COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
 CASH BALANCES-ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Governmental Fund Types</u>			<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
CASH RECEIPTS:-				
Property tax and other local taxes	\$ 15,174	\$ 87,970	\$ 0	\$ 103,144
Charges for services	0	100	0	100
Licenses, permits and fees	500	34,002	0	34,502
Intergovernmental receipts	221,039	167,302	0	388,341
Earnings on investments	315	85	34	434
Miscellaneous	2,018	5,690	0	7,708
Total cash receipts	239,046	295,149	34	534,229
CASH DISBURSEMENTS:-				
Current:-				
General government	92,177	13,940	0	106,117
Public safety	4,000	7,904	0	11,904
Public works	30,475	252,664	0	283,139
Health	2,605	2,340	170	5,115
Capital outlay	18,230	51,587	0	69,817
Total cash disbursements	147,487	328,435	170	476,092
Excess of receipts over (under) cash disbursements	91,559	(33,286)	(136)	58,137
OTHER FINANCING RECEIPTS:-				
Sale of fixed assets	0	100	0	100
Total other financing receipts	0	100	0	100
Excess of cash receipts and other financing receipts over / (under) cash disbursements and other financing disbursements	91,559	(33,186)	(136)	58,237
Fund cash balances, January 1, 2012	160,668	231,953	5,943	398,564
Fund cash balances, December 31, 2012				
Nonspendable	0	0	5,000	5,000
Restricted	0	137,403	807	138,210
Committed	0	61,364	0	61,364
Unassigned	252,227	0	0	252,227
Fund cash balances, December 31, 2012	\$ 252,227	\$ 198,767	\$ 5,807	\$ 456,801

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

WHETSTONE TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity - Whetstone Township, Crawford County, (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 three publicly - elected Trustees. The Township provides general government services including road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with Joint Ambulance Service to provide ambulance services.

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 and Investments - Investments are included in fund cash balances. Investments are assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (The State Treasurer's investment pool) is recorded at share values reported by the State Treasurer.

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 by law or contract to be restricted.

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:

Gasoline Tax Fund

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

Walton Cemetery Fund

This fund is reclassified as a Special Revenue Fund since the principal and interest can be expended for the beautification of the Walton Cemetery.

Olentangy Cemetery Fund

This fund is classified as a Special Revenue fund since the principal and interest can be expended for maintenance and upkeep on the Olentangy Cemetery.

**WHETSTONE TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Permanent Fund

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, no principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Nelson Cemetery Fund

This fund is classified as a Permanent fund since only the earnings on the principal can be expended first to place artificial flowers on the Nelson family graves twice a year. Second, any portion of interest money not used for the upkeep of the family lot is to be used for the upkeep of Olentangy Cemetery.

Accumulated Leave - In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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. The Crawford 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 Crawford 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 canceled, and reappropriated in the subsequent year.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

Fund Balance - 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 not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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 - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**WHETSTONE TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (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 resolution, 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.

NOTE 2 - EQUITY IN POOLED CASH:-

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

	<u>2013</u>	<u>2012</u>
Demand deposits	\$ 331,328	\$ 247,436
Star Ohio	<u>203,844</u>	<u>209,365</u>
Total deposits	<u>\$ 535,172</u>	<u>\$ 456,801</u>

Demand Deposits - The Township's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

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

**WHETSTONE TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2013 was as follows:

2013 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 25,916	\$ 39,785	\$ 13,869
Special revenue	238,387	284,600	46,213
Permanent	<u>0</u>	<u>22</u>	<u>22</u>
Total	\$ <u>264,303</u>	\$ <u>324,407</u>	\$ <u>60,104</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 278,044	\$ 63,619	\$ 214,425
Special revenue	427,249	182,322	244,927
Permanent	<u>831</u>	<u>95</u>	<u>736</u>
Total	\$ <u>706,124</u>	\$ <u>246,036</u>	\$ <u>460,088</u>

**WHETSTONE TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 3 - BUDGETARY ACTIVITY:- (continued)

Budgetary activity for the year ending December 31, 2012 was as follows:

2012 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 123,923	\$ 239,046	\$ 115,123
Special revenue	245,415	295,249	49,834
Permanent	<u>190</u>	<u>34</u>	<u>(156)</u>
Total	\$ <u>369,528</u>	\$ <u>534,329</u>	\$ <u>164,801</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 284,590	\$ 147,487	\$ 137,103
Special revenue	477,251	328,435	148,816
Permanent	<u>992</u>	<u>170</u>	<u>822</u>
Total	\$ <u>762,833</u>	\$ <u>476,092</u>	\$ <u>286,741</u>

**WHETSTONE TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 4 - PROPERTY TAX:-

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to Crawford County by December 31. If the property owner elects to make semiannual payment, 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 5 - RETIREMENT SYSTEMS:-

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employee plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2013 and 2012, PERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries for 2013 and 2012. The Township has paid all contributions required through December 31, 2013.

During 2013 and 2012, one of the Township Trustees, Fire Chief and Assistant Fire Chief elected to be part of the Social Security program. The Township's liability is 4.2 percent of wages paid.

NOTE 6 - RISK POOL MANAGEMENT:-

Risk Pool Membership

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

**WHETSTONE TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 6 - RISK POOL MANAGEMENT:- (continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited 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.

	<u>2013</u>		<u>2012</u>
Assets	\$ 13,774,304	\$	13,100,381
Liabilities	<u>(7,968,395)</u>	<u>(</u>	<u>6,687,193)</u>
Member's Equity	<u>\$ 5,805,909</u>	<u>\$</u>	<u>6,413,188</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

NOTE 7 - EMPLOYEE REIMBURSEMENT INSURANCE COVERAGE:-

During 2013 and 2012, the Township provided reimbursements for insurance for the Trustees and the Fiscal Officer. Total expenditures for these benefits were \$38,477 and \$38,589, respectively.

NOTE 8 - SUBSEQUENT EVENTS:-

Management has evaluated subsequent events through August 28, 2014, the date which financial statements were available to be issued.



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

Whetstone Township
Crawford County
4321 Crestline Road
Bucyrus, Oh 44820

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 Whetstone Township, Crawford 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 August 28, 2014, 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

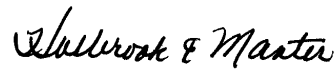
We did note certain internal control matters that we reported to the Township's management in a separate letter dated August 28, 2014.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2013-001 through 2013-003.

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 and is intended solely for the information and use of management, Board of Trustees, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountants

Marion, Ohio
August 28, 2014

**WHETSTONE TOWNSHIP
CRAWFORD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

Finding Number	2013-001
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Noncompliance Citation - Allocation of Trustees' Salaries

Trustees receiving compensation by annual salary must use certifications if paid from funds other than the General Fund. To be paid on a salary basis in equal monthly installments, the board of trustees must *unanimously* pass a resolution to allow it. To be paid from any fund(s) other than the general fund, the resolution must also specify the proportions of the salary that are to be paid from each fund (ORC 505.24(C)). If trustees use the salary method and are compensated from funds other than the general fund, they must certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund. Trustees must complete a certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee/fiscal officer spent during that pay period providing services related to each fund to be charged. A sample certification is attached to AOS bulletin 2011-07. If 100% of the compensation of the township trustee is to be paid from the general fund, no certification is required.

During our payroll testing, it was noted that all Trustees' salaries are being paid out of various Special Revenue Funds. Certifications were completed individually in 2012, however; the actual allocation in the accounting system did not match the certifications on a pay by pay basis. Because of the variances noted on a per pay basis, the entire year was analyzed and the total allocation in the accounting system for 2012 did not agree to the certifications, which would decrease the General Fund balance by \$1029, increase the Gasoline Tax Fund balance by \$514, and increase the Road and Bridge Fund balance by \$515. The adjustment is immaterial and will be considered an unadjusted difference for 2012. During the analysis performed for 2013, certifications agreed to the allocation with the UAN system correctly.

We recommend the Township complete the certifications with accurate and complete allocations each month based upon services performed. In addition, we recommend the Fiscal Officer adjust the payroll each month to match the allocations provided by the certification the Trustees signed.

Finding Number	2013-002
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Noncompliance Citation - Public Records Training

All state and local elected officials, or their designees, must attend at least 3 hours of training on Ohio's Public Records Laws during each term of office. [Ohio Rev. Code §109.43(B) & §149.43(E)(1)] The training received must be certified by the Ohio Attorney General. Proof that training has been completed must include documentation that either the Attorney General's Office or another entity certified by the Attorney General provided the training to the elected official, or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

During our compliance testing, we noted that there were newly elected officials during the periods being audited and the officials nor their designee attended the public records training.

We recommend that the Township and its elected officials stay up to date with the required public records trainings.

**WHETSTONE TOWNSHIP
CRAWFORD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

Finding Number	2013-003
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Noncompliance Citation - Budgetary

Ohio Revised Code Section 5705.40 states that appropriation amendments should be accurately and timely posted into an accounting system that integrates budget and actual receipts and disbursements. During our testing, we noted that the appropriation resolution approved in the minutes and on file with the Crawford County Auditor did not match the budgetary amounts recorded in UAN.

We recommend the fiscal officer periodically compare amounts recorded in the Appropriation Status Report to the amounts recoded on the Appropriation Resolution to assure they agree.

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Dave Yost • Auditor of State

WHETSTONE TOWNSHIP

CRAWFORD 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
NOVEMBER 13, 2014**