

**TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO**

**FINANCIAL STATEMENTS
(AUDIT)**

DECEMBER 31, 2014 and 2013



Dave Yost • Auditor of State

Board of Trustees
Tymochtee Township
3497 County Hwy 35
Sycamore, OH 44882

We have reviewed the *Independent Auditors' Report* of Tymochtee Township, Wyandot County, prepared by Maloney + Novotny LLC, for the audit period January 1, 2013 through December 31, 2014. 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

December 4, 2015

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TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO

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Donald J. Wolf, CPA
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Independent Auditors' Report

Tymochtee Township
Wyandot County, Ohio
3497 County Highway 35
Sycamore, OH 44882

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, 2014 and 2013.

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 (ORC) Section 117.38 and Ohio Administrative Code (OAC) 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.

Auditors' 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 of 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 ORC Section 117.38 and OAC 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.

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.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United State 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 ORC Section 117.38 and OAC Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion 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, 2014 and 2013, or changes in its 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, 2014 and 2013, 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(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2015, 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 in the Township's internal control over financial reporting and compliance.



Delaware, Ohio
August 17, 2015

TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES (CASH BASIS) – ALL GOVERNMENTAL FUND TYPES

Year Ended December 31, 2014

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
CASH RECEIPTS				
Property and local taxes	\$ 33,588	\$ 73,055	\$ -	\$ 106,643
Licenses, permits and fees	-	2,000	-	2,000
Intergovernmental	22,734	112,761	-	135,495
Special assessments	-	7,306	-	7,306
Earnings on investments	252	39	42	333
Miscellaneous	<u>7,794</u>	<u>4,010</u>	-	<u>11,804</u>
Total cash receipts	<u>64,368</u>	<u>199,171</u>	<u>42</u>	<u>263,581</u>
CASH DISBURSEMENTS				
Current:				
General government	26,993	-	-	26,993
Public safety	45	43,938	-	43,983
Public works	-	94,823	-	94,823
Health	3,976	4,987	-	8,963
Human services	568	-	-	568
Capital outlay	<u>6,045</u>	<u>1,675</u>	-	<u>7,720</u>
Total cash disbursements	<u>37,627</u>	<u>145,423</u>	-	<u>183,050</u>
Excess of cash receipts over (under) cash disbursements	26,741	53,748	42	80,531
OTHER FINANCING RECEIPTS (DISBURSEMENTS)				
Transfer in	-	120	-	120
Transfer out	(120)	-	-	(120)
Other financing sources	<u>-</u>	<u>100,000</u>	-	<u>100,000</u>
Total other financing receipts (disbursements)	<u>(120)</u>	<u>100,120</u>	-	<u>100,000</u>
Net change in fund cash balances	26,621	153,868	42	180,531
FUND CASH BALANCES, BEGINNING OF YEAR				
	<u>143,195</u>	<u>84,239</u>	<u>9,535</u>	<u>236,969</u>
FUND CASH BALANCES				
Nonspendable	-	-	7,531	7,531
Restricted	-	238,107	2,046	240,153
Unassigned	<u>169,816</u>	<u>-</u>	<u>-</u>	<u>169,816</u>
FUND CASH BALANCES, END OF YEAR	\$ <u>169,816</u>	\$ <u>238,107</u>	\$ <u>9,577</u>	\$ <u>417,500</u>

The accompanying notes are an integral part of these financial statements.

TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES (CASH BASIS) – ALL GOVERNMENTAL FUND TYPES

Year Ended December 31, 2013

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
CASH RECEIPTS					
Property and local taxes	\$ 24,751	\$ 62,586	\$ -	\$ -	\$ 87,337
Licenses, permits and fees	-	4,400	-	-	4,400
Intergovernmental	28,587	90,158	35,000	-	153,745
Special assessments	-	7,024	-	-	7,024
Earnings on investments	109	31	-	57	197
Miscellaneous	<u>4,366</u>	<u>4,082</u>	<u>-</u>	<u>-</u>	<u>8,448</u>
Total cash receipts	<u>57,813</u>	<u>168,281</u>	<u>35,000</u>	<u>57</u>	<u>261,151</u>
CASH DISBURSEMENTS					
Current:					
General government	25,895	-	-	-	25,895
Public safety	27	44,167	-	-	44,194
Public works	6,226	113,884	-	-	120,110
Health	3,990	9,185	-	-	13,175
Human services	100	-	-	-	100
Capital outlay	<u>75,013</u>	<u>800</u>	<u>35,000</u>	<u>-</u>	<u>110,813</u>
Total cash disbursements	<u>111,251</u>	<u>168,036</u>	<u>35,000</u>	<u>-</u>	<u>314,287</u>
Excess of cash receipts over (under) cash disbursements	(53,438)	245	-	57	(53,136)
OTHER FINANCING RECEIPTS					
Sale of capital assets	<u>42,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,648</u>
Net change in fund cash balances	(10,790)	245	-	57	(10,488)
FUND CASH BALANCES, BEGINNING OF YEAR	<u>153,985</u>	<u>83,994</u>	<u>-</u>	<u>9,478</u>	<u>247,457</u>
FUND CASH BALANCES					
Nonspendable	-	-	-	7,531	7,531
Restricted	-	84,239	-	2,004	86,243
Unassigned	<u>143,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,195</u>
FUND CASH BALANCES, END OF YEAR	\$ <u>143,195</u>	\$ <u>84,239</u>	\$ <u>-</u>	\$ <u>9,535</u>	\$ <u>236,969</u>

The accompanying notes are an integral part of these financial statements.

TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

- A. Description of the Entity – The constitution and laws of the State of Ohio establish the rights and privileges of Tymochtee Township, Wyandot County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery operations. The Township contracts with the Village of Sycamore and the McCutchenville Volunteer Fire Department to receive fire protection and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA is a risk-sharing pool available to Ohio Townships for insurance coverage. 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.

- B. Basis of Accounting – These financial statements follow the basis of accounting permitted by the financial reporting provisions of Ohio Revised Code Section (ORC) 117.38 and Ohio Administrative Code (OAC) Section 117-2-03(D) permit. 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 ORC Section 117.38 and OAC Section 117-2-03(D) permit.

- C. Deposits and Investments – The Township's accounting basis includes investments as assets. This basis does not record disbursements for investments purchased or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements.

The Township values certificates of deposits (CD's) at cost.

- D. Fund Accounting – The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund

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

TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Significant Accounting Policies (Continued)

D. Fund Accounting (Continued) –

Special Revenue Funds

These funds account for and report the proceeds from specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. 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.

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

Special Levy Fund (Fire Protection) – This fund receives tax money assessed and levied on the general assessed evaluation of real and personal property for fire protection services and equipment.

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

Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

Block Grant – The Township received a grant from the Ohio Public Works Commission for road repairs and maintenance.

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, Tippen/Pennington/Kear Funds – These funds receive interest earned on the nonspendable corpus from trust agreements. These earnings are used for the general maintenance and upkeep of the Township's cemeteries.

TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Significant Accounting Policies (Continued)

- E. 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 unencumbered 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 cancelled and re-appropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

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

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

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

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

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.

TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Significant Accounting Policies (Continued)

F. Fund Balance (Continued) –

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

G. Property, Plant and Equipment – The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

Note 2. Equity in Pooled Deposits and Investments

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

	<u>2014</u>	<u>2013</u>
Demand deposits	\$ 329,969	\$ 229,438
Certificates of deposits	<u>87,531</u>	<u>7,531</u>
Total deposits	\$ <u>417,500</u>	\$ <u>236,969</u>

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

Note 3. Budgetary Activity

Budgetary activity for the years ended December 31, 2014 and 2013 follows:

<u>Fund Type</u>	<u>2014 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$ 64,355	\$ 64,368	\$ 13
Special Revenue	299,286	299,291	5
Permanent	<u>-</u>	<u>42</u>	<u>42</u>
Total	\$ <u>363,641</u>	\$ <u>363,701</u>	\$ <u>60</u>

TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 3. Budgetary Activity (Continued)

<u>2014 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 180,510	\$ 37,747	\$ 142,763
Special Revenue	240,675	145,423	95,252
Capital Projects	<u>15,000</u>	-	<u>15,000</u>
Total	\$ <u>436,185</u>	\$ <u>183,170</u>	\$ <u>253,015</u>

<u>2013 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 71,441	\$ 100,461	\$ 29,020
Special Revenue	153,789	168,281	14,492
Permanent	70	57	(13)
Capital Projects	<u>35,000</u>	<u>35,000</u>	-
Total	\$ <u>260,300</u>	\$ <u>303,799</u>	\$ <u>43,499</u>

<u>2014 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 187,426	\$ 111,251	\$ 76,175
Special Revenue	237,782	168,036	69,746
Capital Projects	<u>35,000</u>	<u>35,000</u>	-
Total	\$ <u>460,208</u>	\$ <u>314,287</u>	\$ <u>145,921</u>

Although there was an unfavorable variance in 2013 between actual and budgeted receipts in the Permanent Fund, budgetary expenditures did not exceed actual available revenue in the fund. See Note 10 for details of material non-compliance with Ohio Budgetary Law.

Note 4. Property Tax

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

TYMOCHTEE TOWNSHIP
 WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5. Retirement Systems

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

The ORC also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

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 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.), (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 judgements, 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, 2014, 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, 2014 and 2013 (the latest information available):

	<u>2014</u>	<u>2013</u>
Assets	\$ 35,970,263	\$ 34,954,286
Liabilities	<u>8,912,432</u>	<u>8,486,363</u>
Net position	\$ <u>27,057,831</u>	\$ <u>26,467,923</u>

TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 6. Risk Management (Continued)

At December 31, 2014 and 2013, respectively, the liabilities above include approximately \$8.2 million and \$7.9 million of estimated incurred claims payable. The assets above also include approximately \$7.2 million and \$7.4 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of unpaid claims collectible in future years is approximately \$5,000.

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.

Contributions to OTARMA

<u>2014</u>	<u>2013</u>
\$ 5,679	\$ 5,744

After one year of membership, members 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. 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.

Note 8. Jointly Governed Organizations

The Township does not participate in any jointly governed organizations.

Note 9. Subsequent Events

Subsequent events have been evaluated through August 17, 2015, which is the date the financial statements were available to be issued.

TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 10. Compliance

Contrary to Ohio law:

- The Township did not encumber funds prior to expenditure.
- In 2014, appropriations in the Capital Fund exceeded estimated resources by \$15,000.
- In 2014, appropriations in the Capital Fund exceeded available resources by \$15,000.
- Appropriations recorded in the Township's accounting software did not agree to the Appropriation Resolution in 2014 and 2013.

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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
3497 County Highway 35
Sycamore, Ohio 44882

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 Tymochtee Township, Wyandot County (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated August 17, 2015, 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(D) permit, described in Note 1.

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 deficiencies in internal control 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 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 controls was for the limited purpose described in the preceding paragraph 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.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings 2014-01 through 2014-04.

Township's Response to Findings

We did not receive a response from officials to the findings.

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.

Meloney + Novotny LLC

Delaware, Ohio
August 17, 2015

TYMOCHTEE TOWNSHIP
 WYANDOT COUNTY, OHIO

SCHEDULE OF FINDINGS

December 31, 2014 and 2013

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

Finding Number 2014-01
 Noncompliance

Ohio Revised Code (ORC) 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 in the tax budget, with any balances that may exist at the end of the 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.

In 2014, 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>2014</u>	<u>Appropriation Resolution</u>	<u>Per UAN System</u>	<u>Difference</u>
Cemetery	\$ 3,949	\$ 103,949	\$ (100,000)
Capital Projects	<u>15,000</u>	<u>-</u>	<u>15,000</u>
	\$ <u>18,949</u>	\$ <u>103,949</u>	\$ <u>(85,000)</u>

In 2013, 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>2013</u>	<u>Appropriation Resolution</u>	<u>Per UAN System</u>	<u>Difference</u>
General	\$187,426	\$ 225,426	\$ (38,000)

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 date is input.

Township Response

No Township response received.

TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO

SCHEDULE OF FINDINGS

December 31, 2014 and 2013

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

Finding Number 2014-02
Noncompliance

ORC Section 5705.39 states that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure. Appropriations in this sense are approved appropriations by the government and the estimated revenue needs to be certified by the Budget Commission.

The Township had appropriations exceeding estimated resources in the following fund in December 31, 2014.

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations Authority</u>	<u>Variance</u>
Capital projects	\$ -	\$ 15,000	\$ 15,000

We recommend the Township monitor closely its appropriation and estimated resources and ensure that all required budgetary documents, including amended appropriations and estimated resources are filed with the Budget Commission.

Township Response

No Township response received.

TYMOCHTEE TOWNSHIP
WYANDOT COUNTY, OHIO

SCHEDULE OF FINDINGS

December 31, 2014 and 2013

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

Finding Number 2014-03
Noncompliance

ORC Section 5705.36 states:

1. That an increased amended certificate must be obtained from the Budget Commission if the legislative authority intends to appropriate and expend revenue in excess of the estimated resources.
2. A reduced amended certificate must be obtained if the amount of the deficiency will reduce the available resources below the current level of appropriations.

In 2014, appropriations exceeded actual available resources in the Capital Projects by \$15,000. This deficit was caused by actual receipts falling below budgeted receipts. We recognize that the Township did not spend all appropriations and actual expenses did not exceed available resources, but the Township should have reduced the appropriations below the estimated resources.

Township Response

No Township response received.

Finding Number 2014-04
Noncompliance

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 four of the thirty-one disbursements tested for 2013 and 2014, and no Then and Now Certificates were prepared. Additionally, supporting documentation was insufficient to determine if funds were encumbered for three of the thirty-one disbursements tested.

Township Response

No Township response received.

TYMOCHTEE TOWNSHIP
 WYANDOT COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2014 and 2013

<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>
2012-01	ORC 5705.41(D) Fiscal officer must certify the commitment of money prior to the expenditure taking place	No	Repeat as Finding 2014-04.
2012-02	Continuing Education	Yes	Finding no longer valid.
2012-03	Beginning unencumbered balance did not agree to balances at end of preceding year	Yes	Finding no longer valid.
2012-03	Appropriations entered into UAN did not agree to adopted appropriation measure	No	Repeat as Finding 2014-01.

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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
DECEMBER 17, 2015**