



Dave Yost • Auditor of State



**NORTHWEST TOWNSHIP  
WILLIAMS COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Northwest Township  
Williams County  
1654 County Road P50  
Edon, Ohio 43518-9524

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Northwest Township, Williams County, Ohio, (the Township) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***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 (GAAP), to satisfy these requirements.

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, 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 Northwest Township, Williams County, Ohio as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 9, 2016

**Northwest Township**  
Williams County, Ohio

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2015*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$35,933	\$107,088	\$143,021
Intergovernmental	27,563	117,396	144,959
Earnings on Investments	89	35	124
Miscellaneous	8,540	5,425	13,965
<i>Total Cash Receipts</i>	<u>72,125</u>	<u>229,944</u>	<u>302,069</u>
<b>Cash Disbursements</b>			
Current:			
General Government	52,354	13,850	66,204
Public Safety		19,431	19,431
Public Works		102,409	102,409
Health		12,767	12,767
Capital Outlay		29,899	29,899
Debt Service:			
Principal Retirement	2,443	33,743	36,186
Interest and Fiscal Charges	513	10,422	10,935
<i>Total Cash Disbursements</i>	<u>55,310</u>	<u>222,521</u>	<u>277,831</u>
<i>Excess of Receipts Over Disbursements</i>	<u>16,815</u>	<u>7,423</u>	<u>24,238</u>
<b>Other Financing Receipts</b>			
Sale of Notes		30,000	30,000
<i>Net Change in Fund Cash Balances</i>	16,815	37,423	54,238
<i>Fund Cash Balances, January 1</i>	<u>50,402</u>	<u>50,782</u>	<u>101,184</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		74,458	74,458
Committed		13,747	13,747
Assigned	67,217		67,217
<i>Fund Cash Balances, December 31</i>	<u>\$67,217</u>	<u>\$88,205</u>	<u>\$155,422</u>

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

**Northwest Township**  
Williams County, Ohio

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2014*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$35,930	\$106,397	\$142,327
Intergovernmental	15,547	117,122	132,669
Earnings on Investments	108	20	128
Miscellaneous	7,225	7,847	15,072
<i>Total Cash Receipts</i>	<u>58,810</u>	<u>231,386</u>	<u>290,196</u>
<b>Cash Disbursements</b>			
Current:			
General Government	53,787	25,938	79,725
Public Safety		54,904	54,904
Public Works		105,151	105,151
Health		6,779	6,779
Capital Outlay	136,427		136,427
Debt Service:			
Principal Retirement	2,443	47,090	49,533
Interest and Fiscal Charges	586	15,196	15,782
<i>Total Cash Disbursements</i>	<u>193,243</u>	<u>255,058</u>	<u>448,301</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(134,433)</u>	<u>(23,672)</u>	<u>(158,105)</u>
<b>Other Financing Receipts</b>			
Other Financing Sources	<u>50,593</u>		<u>50,593</u>
<i>Net Change in Fund Cash Balances</i>	(83,840)	(23,672)	(107,512)
<i>Fund Cash Balances, January 1</i>	<u>134,242</u>	<u>74,454</u>	<u>208,696</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		39,132	39,132
Committed		11,650	11,650
Assigned	50,402		50,402
<i>Fund Cash Balances, December 31</i>	<u>\$50,402</u>	<u>\$50,782</u>	<u>\$101,184</u>

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



**NORTHWEST TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Northwest Township, Williams County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the City of Bryan to provide fire protection services.

The Township participates in Ohio Township Association Risk Management Authority (OTARMA) a public entity risk pool and the Northwest Water District, a related organization. Notes 8 and 9 to the financial statements provide additional information for these entities.

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

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

**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:

**1. General Fund**

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

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are

**NORTHWEST TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

restricted or committed to expenditure 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.

Fire District Fund – This fund receives tax money to provide for township fire protection equipment and services.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not use the encumbrance method of accounting.

A summary of 2015 and 2014 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:

**1. Nonspendable**

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

**2. 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,

**NORTHWEST TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. 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.

**4. 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.

**5. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, full-time employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Equity in Pooled Deposits**

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

	2015	2014
Demand deposits	<u>\$155,422</u>	<u>\$101,184</u>

**NORTHWEST TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,240	\$72,125	\$10,885
Special Revenue	234,928	259,944	25,016
Total	\$296,168	\$332,069	\$35,901

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$111,642	\$55,310	\$56,332
Special Revenue	285,710	222,521	63,189
Total	\$397,352	\$277,831	\$119,521

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,101	\$109,403	\$3,302
Special Revenue	211,362	231,386	20,024
Total	\$317,463	\$340,789	\$23,326

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$189,148	\$193,243	(\$4,095)
Special Revenue	280,758	255,058	25,700
Total	\$469,906	\$448,301	\$21,605

**4. Property Tax**

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

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

**NORTHWEST TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**5. Debt**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2007 Bank Loan	\$14,000	4.50%
2011 Bank Loan	89,475	3.00%
2011 Bank Loan	14,657	3.00%
2013 Bank Loan	146,795	4.00%
2015 Bank Loan	<u>30,000</u>	4.50%
Total	<u><u>\$294,927</u></u>	

In 2007, the Township obtained a bank loan for 10 years, maturing on November 7, 2017, from Edon State Bank to finance the purchase of fire equipment. The loan is uncollateralized.

In 2011, the Township obtained two bank loans maturing in 10 years on December 7, 2021 from Edon State Bank to finance the purchase of a new fire truck and a furnace for the community building. These loans are uncollateralized.

In 2013, the Township obtained a bank loan for 12 years maturing on December 6, 2025 from Edon State Bank to finance the purchase of a fire truck. The loan is uncollateralized.

In 2015, the Township obtained a bank loan for 10 years maturing on September 15, 2025 from Edon State Bank to finance the purchase of road repair equipment and a tractor.

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

Year ending December 31:	<u>2007 Bank Loan</u>	<u>2011 Bank Loan</u>	<u>2011 Bank Loan</u>	<u>2013 Bank Loan</u>	<u>2015 Bank Loan</u>
2016	\$7,630	\$17,597	\$2,883	\$18,175	\$3,816
2017	7,315	17,149	2,809	18,175	3,816
2018		16,702	2,736	18,175	3,816
2019		16,255	2,663	18,175	3,816
2020		15,807	2,589	18,175	3,816
2021-2025		<u>15,360</u>	<u>2,516</u>	<u>89,956</u>	<u>19,085</u>
Total	<u><u>\$14,945</u></u>	<u><u>\$98,870</u></u>	<u><u>\$16,196</u></u>	<u><u>\$180,832</u></u>	<u><u>\$38,165</u></u>

**6. Retirement System**

**NORTHWEST TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**7. Capital Lease**

The Township retired a lease for a Sterling Truck in 2014.

**8. Risk Management**

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

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

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

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, 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, 2015 and 2014.

**NORTHWEST TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

	<u>2015</u>	<u>2014</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	\$8,486,363	\$9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 members governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$6,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2015</u>	<u>2014</u>
\$13,520	\$12,929

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**9. Related Organization**

The Northwest Water District, (the Water District) was established as a regional water district pursuant to Chapter 6119 of the Ohio Revised Code. The Township appoints the Board of Trustees of the Water District. The Township is not financially accountable to the District. In 2002, the Township issued a one year, interest free loan to the Water District. The loan renews annually at the discretion of the Township's Board of Trustees. In 2011, the loan was renewed and approved for additional amount of \$4,796 to bring the total loan to \$22,746.

**10. Miscellaneous Revenues**

Miscellaneous revenues within the General Fund in 2015 are primarily donations received and rental income for the use of a community building.

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# Dave Yost • Auditor of State

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

Northwest Township  
Williams County  
1654 County Road P50  
Edon, Ohio 43518-9524

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Northwest Township, Williams County, Ohio, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated December 9, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 9, 2016

**NORTHWEST TOWNSHIP  
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2015-001**

**Material Weakness – Fund Balance Classification**

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications for governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

Special revenue funds are defined as funds used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Committed revenues include amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (such as an ordinance or resolution).

The Road and Bridge fund is reported as a special revenue fund since the revenues within the fund were committed by the Trustees for use of road and bridge construction and maintenance. The fund balances of \$11,650 at December 31, 2014 and \$13,747 at December 31, 2015 were classified as restricted, rather than committed.

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. When an appropriation measure is adopted for the subsequent year and a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Open encumbrances at year end should also be classified as assigned. Both instances would be applicable to the General fund as it is the only fund with a positive unassigned fund balance.

The 2015 appropriation measure for the General fund was adopted in the amount of \$111,642. Estimated receipts were \$61,240. The difference between appropriations and estimated receipts of \$50,402 should've been recognized as assigned at December 31, 2014.

The 2016 appropriation measure for the General fund was adopted in the amount of \$128,967. Estimated receipts were \$61,750. The difference between appropriations and estimated receipts of \$67,217 should have been recognized as assigned at December 31, 2015.

The Fiscal Officer was unaware of the GASB Statement 54. Adjustments were recorded in the accompanying financial statements and accounting records to correct these errors. A review of financial reports may have detected these errors.

In order to ensure the Township's governmental fund balances are reported in accordance with GASB 54, we recommend the Township review Auditor of State Bulletin 2011-004.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**NORTHWEST TOWNSHIP  
WILLIAMS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2013-001	Material weakness due to errors in financial reporting regarding expenditure classifications.	Fully corrected.	
2013-002	Material weakness due to errors in fund balance classifications.	Not corrected and reissued as Finding 2015-001 in this report.	Officials declined to explain why the finding was not corrected or what future corrective action they expect to implement.



# Dave Yost • Auditor of State

**NORTHWEST TOWNSHIP**

**WILLIAMS 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 27, 2016**