



OHIO AUDITOR OF STATE  
**KEITH FABER**





**NIMISHILLEN TOWNSHIP  
STARK COUNTY  
DECEMBER 31, 2018 AND 2017**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Nimishillen Township  
Stark County  
P.O. Box 181  
Louisville, Ohio 44641

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 Nimishillen Township, Stark County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017.

### ***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 such 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 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Nimishillen Township, Stark County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2019, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

August 15, 2019

**NIMISHILLEN TOWNSHIP  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$176,207	\$1,545,585	\$195,594	\$0	\$1,917,386
Charges for Services	6,785	848,645	0	0	855,430
Licenses, Permits and Fees	38,653	0	0	0	38,653
Intergovernmental	166,256	574,068	0	0	740,324
Special Assessments	28	14,919	0	0	14,947
Earnings on Investments	24,984	3,086	0	1,236	29,306
Miscellaneous	19,579	337,300	0	0	356,879
<i>Total Cash Receipts</i>	<u>432,492</u>	<u>3,323,603</u>	<u>195,594</u>	<u>1,236</u>	<u>3,952,925</u>
<b>Cash Disbursements</b>					
Current:					
General Government	412,794	16,920	0	0	429,714
Public Safety	0	1,724,403	0	0	1,724,403
Public Works	3,150	1,155,095	0	0	1,158,245
Capital Outlay	24,719	67,916	0	203,330	295,965
Debt Service:					
Principal Retirement	0	0	150,000	0	150,000
Interest and Fiscal Charges	0	0	30,396	0	30,396
<i>Total Cash Disbursements</i>	<u>440,663</u>	<u>2,964,334</u>	<u>180,396</u>	<u>203,330</u>	<u>3,788,723</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,171)</u>	<u>359,269</u>	<u>15,198</u>	<u>(202,094)</u>	<u>164,202</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	0	2,801	0	0	2,801
Transfers In	0	0	0	200,000	200,000
Transfers Out	0	(200,000)	0	0	(200,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(197,199)</u>	<u>0</u>	<u>200,000</u>	<u>2,801</u>
<i>Net Change in Fund Cash Balances</i>	<u>(8,171)</u>	<u>162,070</u>	<u>15,198</u>	<u>(2,094)</u>	<u>167,003</u>
<i>Fund Cash Balances, January 1</i>	<u>459,126</u>	<u>1,437,375</u>	<u>17,159</u>	<u>103,764</u>	<u>2,017,424</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	1,462,280	32,357	101,670	1,596,307
Committed	0	137,359	0	0	137,359
Assigned	247,523	0	0	0	247,523
Unassigned (Deficit)	203,432	(194)	0	0	203,238
<i>Fund Cash Balances, December 31</i>	<u>\$450,955</u>	<u>\$1,599,445</u>	<u>\$32,357</u>	<u>\$101,670</u>	<u>\$2,184,427</u>

See accompanying notes to the basic financial statements

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**Township of Nimishillen**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Nimishillen Township, Stark County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection and emergency medical services.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Fire District Fund*** The fire district fund accounts for the collection of property taxes collected for the purpose of providing fire and emergency medical services within the township. This also includes collection of dispatching receipts associated with the township dispatching unit.

***Debt Service Fund*** This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant debt service fund:

***General Bond – Note Retirement Fund*** The general bond-note retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance public improvements.

***Capital Project Fund*** This fund accounts for and reports 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:

***Capital Equipment Fund*** – The capital equipment fund accounts for the transfer from the fire district fund for the acquisition of capital assets for the purpose of providing fire and emergency medical services, including motor vehicles

**Township of Nimishillen**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered 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 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 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

**Township of Nimishillen**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

**Township of Nimishillen**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$523,335	\$432,492	(\$90,843)
Special Revenue	2,935,666	3,326,404	390,738
Debt Service	163,240	195,594	32,354
Capital Projects	200,000	201,236	1,236
Total	\$3,822,241	\$4,155,726	\$333,485

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$508,639	\$440,663	\$67,976
Special Revenue	3,506,863	3,164,334	342,529
Debt Service	180,398	180,396	2
Capital Projects	203,330	203,330	0
Total	\$4,399,230	\$3,988,723	\$410,507

**Note 4 – Deposits and Investments**

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

	2018
Demand deposits	\$438,768
Total deposits	438,768
STAR Ohio/ STAR Plus	1,745,659
Total investments	1,745,659
Total deposits and investments	\$2,184,427

***Deposits***

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2018, \$202,170 of deposits were not insured or collateralized. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the Township's financial institution was approved for a reduced collateral rate of 50 percent through the OPCS.

***Investments***

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

**Township of Nimishillen**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 5 – Property Taxes**

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

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

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross pensionable salaries. The Township has paid all contributions required through December 31, 2018.

***Ohio Police and Fire Pension Fund***

Six of the Township's certified full time Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F members contributed 12.25% of their gross salaries and the Township contributed an amount equaling 24% of participants' gross pensionable salaries. The Township has paid all contributions required through December 31, 2018.

**Township of Nimishillen**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

Twenty-Eight of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
2016 Fire Obligation Bonds	\$997,000	2.65%
Total	\$997,000	

In 2006, the Township issued Fire Improvement Bonds, Series 2006, to finance the construction of Fire Station 3, Repairs to Fire Station 2, and the purchase of two advance life support ambulances. In December 2016, the Township issued Fire Improvement Bonds, Series 2016, to refinance the Fire Improvement Bonds, Series 2006. The Fire Improvement Bonds, Series 2006, were retired on June 1, 2017.

***Amortization***

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

	General Obligation Bonds
Year ending December 31:	
2019	180,420
2020	180,340
2021	181,152
2022	180,833
2023	189,408
2024	179,638
Total	\$1,091,791

**NIMISHILLEN TOWNSHIP  
STARK COUNTY**

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$174,068	\$1,163,591	\$229,886	\$0	\$1,567,545
Charges for Services	19,465	718,669	0	0	738,134
Licenses, Permits and Fees	45,083	0	0	0	45,083
Intergovernmental	113,327	502,072	0	0	615,399
Special Assessments	0	12,886	0	0	12,886
Earnings on Investments	9,340	1,682	0	0	11,022
Miscellaneous	38,994	35,095	0	0	74,089
<i>Total Cash Receipts</i>	<u>400,277</u>	<u>2,433,995</u>	<u>229,886</u>	<u>0</u>	<u>3,064,158</u>
<b>Cash Disbursements</b>					
Current:					
General Government	368,022	0	0	0	368,022
Public Safety	3,382	1,442,751	0	0	1,446,133
Public Works	0	585,689	0	0	585,689
Capital Outlay	0	2,340	0	0	2,340
Debt Service:					
Principal Retirement	0	41,000	1,433,000	0	1,474,000
Interest and Fiscal Charges	0	1,318	64,727	0	66,045
<i>Total Cash Disbursements</i>	<u>371,404</u>	<u>2,073,098</u>	<u>1,497,727</u>	<u>0</u>	<u>3,942,229</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>28,873</u>	<u>360,897</u>	<u>(1,267,841)</u>	<u>0</u>	<u>(878,071)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	0	6,200	0	0	6,200
Transfers In	0	43,752	0	0	43,752
Transfers Out	(43,752)	0	0	0	(43,752)
Other Financing Sources	1,865	0	0	0	1,865
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(41,887)</u>	<u>49,952</u>	<u>0</u>	<u>0</u>	<u>8,065</u>
<i>Net Change in Fund Cash Balances</i>	<u>(13,014)</u>	<u>410,849</u>	<u>(1,267,841)</u>	<u>0</u>	<u>(870,006)</u>
<i>Fund Cash Balances, January 1</i>	<u>472,140</u>	<u>1,026,526</u>	<u>1,285,000</u>	<u>103,764</u>	<u>2,887,430</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	1,362,785	17,159	103,764	1,483,708
Committed	0	74,590	0	0	74,590
Assigned	0	0	0	0	0
Unassigned (Deficit)	459,126	0	0	0	459,126
<i>Fund Cash Balances, December 31</i>	<u>\$459,126</u>	<u>\$1,437,375</u>	<u>\$17,159</u>	<u>\$103,764</u>	<u>\$2,017,424</u>

See accompanying notes to the basic financial statements

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**Township of Nimishillen**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Nimishillen Township, Stark County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection and emergency medical services.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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***Debt Service Fund*** This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant debt service fund

***General Bond – Note Retirement Fund*** The general bond-note retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance public improvements.

***Capital Project Fund*** This fund accounts for and reports 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:

***Capital Equipment Fund*** – The capital equipment fund accounts for transfers from the fire district fund for the acquisition of capital assets for the purpose of providing fire and emergency medical services, including motor vehicles.

**Township of Nimishillen**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

**Township of Nimishillen**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

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

**Note 3 – Budgetary Activity**

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

**Township of Nimishillen**  
*Stark County*  
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*For the Year Ended December 31, 2017*

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$609,123	\$402,142	(\$206,981)
Special Revenue	2,548,368	2,483,947	(64,421)
Debt Service	197,305	229,886	32,581
Capital Projects	100,000	0	(100,000)
Total	\$3,454,796	\$3,115,975	(\$338,821)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$668,331	\$415,156	\$253,175
Special Revenue	2,755,716	2,073,098	682,618
Debt Service	1,497,727	1,497,727	0
Capital Projects	0	0	0
Total	\$4,921,774	\$3,985,981	\$935,793

**Note 4 – Deposits and Investments**

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

	2016
Demand deposits	\$1,001,072
Total deposits	1,001,072
U.S. Treasury Notes	
STAR Ohio/ STAR Plus	1,016,352
Total investments	1,016,352
Total deposits and investments	\$2,017,424

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2017, all deposits were insured or collateralized.

***Investments***

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

**Township of Nimishillen**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 5 – Property Taxes**

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

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

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

Twenty-Eight of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**Township of Nimishillen**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to healthcare for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2017. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2017.

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
2016 Fire Obligation Bonds	\$1,147,000	2.65%
Total	\$1,147,000	

In 2006, the Township issued Fire Improvement Bonds, Series 2006, to finance the construction of Fire Station 3, Repairs to Fire Station 2, and the purchase of two advance life support ambulances. In December 2016, the Township issued Fire Improvement Bonds, Series 2016, to refinance the Fire Improvement Bonds, Series 2006. The Fire Improvement Bonds, Series 2006, were retired on June 1, 2017.

***Leases***

The Township leased a vehicle under a noncancelable lease. The Township disbursed \$42,318 to pay lease costs for the year ended December 31, 2017, which paid off the lease.

***Amortization***

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

	General Obligation Bonds
Year ending December 31:	
2017	\$180,396
2018	180,420
2019	180,340
2020	181,152
2021	180,833
2022-2024	369,045
Total	\$1,272,186

# OHIO AUDITOR OF STATE KEITH FABER



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

Nimishillen Township  
Stark County  
P.O. Box 181  
Louisville, Ohio 44641

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 Nimishillen Township, Stark County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated August 15, 2019, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

***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*.

***Government's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

August 15, 2019



**NIMISHILLEN TOWNSHIP  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Estimated Receipts Recorded in the Accounting System Inaccurately**

<i>Finding Number</i>	2018-001
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MATERIAL WEAKNESS

Sound accounting practices require accurately posting estimated receipts to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipt account status report provides the process by which the Township controls what is available, it is therefore necessary that the amounts estimated by the County Budget Commission are posted accurately to the receipt account status report.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The approved Certificate of Estimated Resources and amendments were not posted to the accounting system accurately for the following funds during 2017:

Fund	Budgeted Receipts from the Amended Certificate	Budgeted Receipts from the Receipt Account Status Report	Variance
General	\$609,123	\$365,370	\$243,753
Fire District	\$1,337,603	\$1,147,603	\$190,000
Demolition Escrow	\$0	\$54,253	(\$54,253)
General Bond - Note Retirement	\$197,305	\$194,152	\$3,153

Failure to accurately post the estimated resources to the ledgers resulted in inaccurate reporting of the budgetary information in the notes to the financial statements in the amounts noted above. The notes to the financial statements have been adjusted to reflect the correct amounts. In addition, failure to accurately post the estimated resources to the ledgers could result in overspending and negative cash balances.

To effectively control the budgetary cycle and to maintain accountability over receipts, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources have been properly posted to the ledgers.

<i>Finding Number</i>	2018-001 (Continued)
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**Official's Response:**

During the 2015 – 2016 audit it was noted that the township should create a fire demolition fund for insurance settlement checks that were received. This fund was created in 2017 and the transfer was made from the insurance settlement total in the general fund of 43,753. The remaining amount of 10,500 was an insurance settlement check related to the fire demolition deposited to the new fund in 2017.

The township discussed the purchase of a new ambulance which ended up being approved on 12-14-2017. Initially there was discussion of using estate tax funds the township had previously received from the general fund. As a result, a resolution was passed 8-24-2017 to increase the general fund by 245,753, the fire fund by 190,000, and the general bond fund by 3,153. It was later decided to use the capital improvement funds for the purchase because of the time limit on those funds. The transfer to the fire fund from the general fund would no longer be needed, but since the resolution was already made the Account status report should have reflected the resolution.

**Posting of Receipts and Disbursements**

<i>Finding Number</i>	2018-002
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MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified because the Township did not record receipts or disbursements in the correct accounts. Incorrect postings during 2018 that required adjustment or reclassification to the financial statements included the following:

- Insurance proceed receipts in the amount of \$312,801 were improperly recorded as an extraordinary item rather than miscellaneous in the special revenue funds.
- A local government receipt in the amount of \$4,036 was improperly recorded as a charge for services in the special revenue funds rather than intergovernmental in the general fund.
- Composting service receipts in the amount of \$6,785 were improperly recorded as intergovernmental rather than charges for services in the general fund.
- Permissive motor vehicle license taxes in the amount of \$106,246 were improperly recorded as property and other local taxes rather than intergovernmental in the permissive motor vehicle license tax fund.

Incorrect postings during 2017 that required reclassification to the financial statements included the following:

<i>Finding Number</i>	2018-002 (Continued)
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- Principal retirement disbursements in the amount of \$41,000 were improperly recorded as public works (\$31,000) and capital outlay (\$10,000) in the special revenue funds.
- Interest and fiscal charges disbursements in the amount of \$1,318 were improperly recorded as capital outlay.
- Proceeds from the sale of a fire truck in the amount of \$6,200 were improperly recorded as miscellaneous revenue rather than sale of capital assets in the special revenue funds.
- Composting service receipts in the amount of \$19,465 were improperly recorded as miscellaneous revenue rather than charges for services in the general fund.
- Recycling grant receipts in the amount of \$4,333 were improperly recorded as miscellaneous revenue rather than intergovernmental in the general fund.

The Township lacked proper procedures to record transactions in the proper fund and account.

The Fiscal Officer and Board of Trustees should review financial reports to help ensure receipts and disbursements are recorded in the proper fund and account. The Township should use the Ohio Township Handbook to assist in identifying proper funds and accounts.

**Official's Response:**

2018 Incorrect Postings

In 2018 the township received an insurance settlement check for a fire truck that was involved in an accident. The check for 312,801 was deposited to the 2110-982-0000 Extraordinary Items which is to be used for receipts that are "Significant transaction or other events with in the control of management that are either unusual in nature or infrequent in occurrence." It was noted by the auditors in our meeting on June 4<sup>th</sup> and reiterated in our meeting on September 24<sup>th</sup> that the Auditor of States office sees many insurance settlement checks and that account 2110-891-0000 Other Miscellaneous Operating should have been used. This revenue code is described as "Receipts of any other operating revenue not described in Revenue codes 801-806."

The local government receipt that was received for April, was incorrectly posted to on accident to the wrong fund. There was an adjusting entry for this amount so that the funds are posted to the correct account.

In 2018 \$6,785 was received from the City of Louisville for reimbursement for the fourth quarter of 2017 expenses related to the yard waste site the Township in conjunction with the city for our respective residents. This was posted to 1000-591-0000 Intergovernmental receipts. This also made sense in that it kept the receipts from the yard waste operations which included a grant from the Solid Waste district in the same account so that it was easier for the ad hoc reporting of the yard waste operations.

In 2017 the township made the decision to change accounting software from our existing OTAS to the Accounting and Payroll modules with UAN. This financial software package was created by the Auditor of State's office, who also provides technical assistance for the software. The townships software was set up after attending a two-day training on December 14<sup>th</sup> and 15<sup>th</sup>. When Permissive Motor Vehicle Fund, 2231, was set up, we incorrectly use the revenue code 104 Permissive Motor Vehicle License (MVL) – Township Levied for the Permissive Vehicle Fund, which is for township levied permissive motor vehicle tax received from the county auditor. The revenue code that should have been used was the 592 Motor Vehicle License Tax – County Levied. Which is described as "Distribution of motor vehicle license tax from the county auditor." This error continued into 2019 at which time there was an adjusting entry made to post the funds to the correct revenue code with in the fund.

<i>Finding Number</i>	2018-002 (Continued)
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2017 Incorrect Postings.

The items that were brought up during the 2015 and 2016 audit were part of the reasons we moved to the UAN system. While these receipts were posted timely and to the correct fund the ability to categorize them correctly with in the fund was more difficult in OTAS so these items were noted.

# Nimishillen Township

*Trustees:*  
Todd D. Bosley  
George P. Kiko  
Jennifer L. Leone

**"Nimishillen Township Proud"**  
P.O. Box 181  
Louisville, Ohio 44641-0181

*Fiscal Officer*  
Brian Kandel

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
December 31, 2018 and 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	Non-Compliance and Material Weakness	Partially Corrected	<p>The items pertaining to the funding of the capital improvement project and the bond issuance were corrected as noted in the email to Roger Ramey dated 7-17-2017.</p> <p>After the audit was completed 08-2017, the township researched moving from the OTAS accounting system to UAN to help expand the availability of coding transaction. UAN training was completed 12-2017 and the UAN system was set up and operating 1-1-2018.</p>

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# OHIO AUDITOR OF STATE KEITH FABER



**NIMISHILLEN TOWNSHIP**

**STARK COUNTY**

## **CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 8, 2019**