

***SANDUSKY TOWNSHIP***

**RICHLAND COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2014 and 2013**







# Dave Yost • Auditor of State

Board of Trustees  
Sandusky Township  
5201 Hook Road  
Crestline, Ohio 44827

We have reviewed the *Independent Auditor's Report* of Sandusky Township, Richland County, prepared by Charles E. Harris & Associates, Inc., 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. Sandusky 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

November 3, 2015

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**SANDUSKY TOWNSHIP  
RICHLAND COUNTY, OHIO  
For the Years Ended December 31, 2014 and 2013**

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**INDEPENDENT AUDITOR'S REPORT**

Sandusky Township  
Richland County  
5201 Hook Road  
Crestline, Ohio 44827

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Sandusky Township, Richland County, (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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D); 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 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, 2014 and 2013, 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 Sandusky Township, Richland County 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 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 July 2, 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 the Township's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***

July 2, 2015

**SANDUSKY TOWNSHIP  
RICHLAND COUNTY, OHIO**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Total (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 18,108	\$ 112,736	\$ 130,844
Licenses, Permits and Fees	150	-	150
Intergovernmental	22,113	136,630	158,743
Earnings on Investments	1,175	672	1,847
Miscellaneous	520	2,441	2,961
<i>Total Cash Receipts</i>	42,066	252,479	294,545
<b>Cash Disbursements</b>			
Current:			
General Government	55,970	-	55,970
Public Safety	-	67,387	67,387
Public Works	905	185,505	186,410
<i>Total Cash Disbursements</i>	56,875	252,892	309,767
<i>Excess of Receipts Over/(Under) Disbursements</i>	(14,809)	(413)	(15,222)
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Sources	255	-	255
<i>Total Other Financing Receipts (Disbursements)</i>	255	-	255
<i>Net Change in Fund Cash Balance</i>	(14,554)	(413)	(14,967)
<i>Fund Balance January 1, 2014</i>	258,931	714,693	973,624
<b>Fund Cash Balance December 31, 2014</b>			
Restricted	-	714,280	714,280
Unassigned	244,377	-	244,377
<i>Fund Balance December 31, 2014</i>	\$ 244,377	\$ 714,280	\$ 958,657

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

**SANDUSKY TOWNSHIP  
RICHLAND COUNTY, OHIO**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Total (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 19,814	\$ 123,782	\$ 143,596
Licenses, Permits and Fees	975	-	975
Intergovernmental	22,365	132,962	155,327
Earnings on Investments	888	285	1,173
Miscellaneous	440	3,542	3,982
<i>Total Cash Receipts</i>	44,482	260,571	305,053
<b>Cash Disbursements</b>			
Current:			
General Government	53,027	-	53,027
Public Safety	-	67,613	67,613
Public Works	841	181,451	182,292
Health	179	-	179
Capital Outlay	-	250	250
<i>Total Cash Disbursements</i>	54,047	249,314	303,361
<i>Excess of Receipts Over/(Under) Disbursements</i>	(9,565)	11,257	1,692
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Sources	306	-	306
<i>Total Other Financing Receipts (Disbursements)</i>	306	-	306
<i>Net Change in Fund Cash Balance</i>	(9,259)	11,257	1,998
<i>Fund Balance January 1, 2013</i>	268,190	703,436	971,626
<b>Fund Cash Balance December 31, 2013</b>			
Restricted	-	714,693	714,693
Unassigned	258,931	-	258,931
<i>Fund Balance December 31, 2013</i>	\$ 258,931	\$ 714,693	\$ 973,624

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

**SANDUSKY TOWNSHIP  
RICHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2013**

**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 Sandusky Township, Richland 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. The Township contracts with the Crestline Fire Department to provide fire services.

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**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.

Money market mutual funds (including STAR Plus) are recorded at share values the mutual funds report.

**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.

**SANDUSKY TOWNSHIP  
RICHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**D. FUND ACCOUNTING - (continued)**

- 2. 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 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.

*Fire District Fund* - This is a special levy fund that receives property tax money for the fire protection services provided by the Crestline Fire Department.

**E. BUDGETARY PROCESS**

The Ohio Revised Code requires that each fund 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

**SANDUSKY TOWNSHIP  
RICHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**F. FUND BALANCE**

Fund balance is divided into 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, 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.

**SANDUSKY TOWNSHIP  
RICHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**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, 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 AND INVESTMENTS**

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

	2014	2013
Demand Deposits	\$ 123,535	\$ 140,333
Certificates of Deposit	290,810	290,087
Other Time Deposits (Savings Acct)	20,137	20,075
Total Deposits	434,482	450,495
Investments:		
STAR Plus	524,175	523,129
Total Investments	524,175	523,129
Total Deposits and Investments	\$ 958,657	\$ 973,624

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

**Investments:** Investments in STAR Plus and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

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

Fund Type	2014 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 45,900	\$ 42,321	\$ (3,579)
Special Revenue	239,900	252,479	12,579

**SANDUSKY TOWNSHIP  
RICHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2013**

**3. BUDGETARY ACTIVITY – (continued)**

2014 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 293,831	\$ 56,875	\$ 236,956
Special Revenue	954,593	252,892	701,701

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 35,400	\$ 44,788	\$ 9,388
Special Revenue	245,900	260,571	14,671

2013 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 303,590	\$ 54,047	\$ 249,543
Special Revenue	949,336	249,314	700,022

**4. 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 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.

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

**5. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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.

**SANDUSKY TOWNSHIP  
RICHLAND COUNTY, OHIO**

**Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2013**

**6. RISK MANAGEMENT**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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614 W Superior Ave Ste 1242  
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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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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

Sandusky Township  
Richland County  
5201 Hook Road  
Crestline, Ohio 44827

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 Sandusky Township, Richland 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 July 2, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits.

***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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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.

*Charles E. Harris*

***Charles E. Harris and Associates, Inc.***  
July 2, 2015

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# Dave Yost • Auditor of State

**SANDUSKY TOWNSHIP**

**RICHLAND COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 17, 2015**