



OHIO AUDITOR OF STATE
KEITH FABER



**NIMISHILLEN TOWNSHIP
STARK COUNTY
DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Nimishillen Township
Stark County
8000 Columbus Road
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 for each governmental fund type total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Nimishillen Township, Stark County, Ohio (the Township).

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, 2020 and 2019, 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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Township, 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, 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

November 22, 2021

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Nimishillen Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$200,916	\$1,712,897	\$180,340	\$0	\$2,094,153
Charges for Services	0	644,212	0	0	644,212
Licenses, Permits and Fees	41,638	0	0	0	41,638
Intergovernmental	157,598	1,221,359	0	283,749	1,662,706
Special Assessments	0	13,161	0	0	13,161
Earnings on Investments	7,194	1,794	0	0	8,988
Miscellaneous	57,103	66,270	0	0	123,373
<i>Total Cash Receipts</i>	<u>464,449</u>	<u>3,659,693</u>	<u>180,340</u>	<u>283,749</u>	<u>4,588,231</u>
Cash Disbursements					
Current:					
General Government	384,764	33,357	0	0	418,121
Public Safety	0	1,722,815	0	0	1,722,815
Public Works	2,882	1,124,192	0	0	1,127,074
Health	0	30,360	0	0	30,360
Human Services	0	63,365	0	0	63,365
Other	28,450	88,570	0	0	117,020
Capital Outlay	0	158,893	0	281,416	440,309
Debt Service:					
Principal Retirement	0	0	267,046	0	267,046
Interest and Fiscal Charges	0	0	66,340	0	66,340
<i>Total Cash Disbursements</i>	<u>416,096</u>	<u>3,221,552</u>	<u>333,386</u>	<u>281,416</u>	<u>4,252,450</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>48,353</u>	<u>438,141</u>	<u>(153,046)</u>	<u>2,333</u>	<u>335,781</u>
Other Financing Receipts (Disbursements)					
Other Financing Sources	0	109,852	0	0	109,852
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>109,852</u>	<u>0</u>	<u>0</u>	<u>109,852</u>
<i>Net Change in Fund Cash Balances</i>	48,353	547,993	(153,046)	2,333	445,633
<i>Fund Cash Balances, January 1</i>	<u>291,544</u>	<u>1,461,837</u>	<u>153,046</u>	<u>0</u>	<u>1,906,427</u>
<i>Fund Cash Balances, December 31</i>	<u>\$339,897</u>	<u>\$2,009,830</u>	<u>\$0</u>	<u>\$2,333</u>	<u>\$2,352,060</u>

See accompanying notes to the basic financial statements

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Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 all 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 Funds:

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.

Road District Fund The road district fund accounts for and reports receipts of property tax money for the purpose of providing road services to the citizens of the Township.

Debt Service Funds These funds account for and report 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 principal and interest issued to finance public improvements.

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

Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2020

FEMA Breath APP Fire Fund This fund accounts for and receives intergovernmental grants for the acquisition of fixed assets for the purpose of providing fire and emergency medical services, including motor vehicles.

FEMA '20 T Gear Fire Fund This fund accounts for and receives intergovernmental grants for the acquisition of fixed assets for the purpose of providing fire and emergency medical services, including motor vehicles.

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 (except certain custodial funds) be budgeted annually.

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

A summary of 2020 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.

Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$421,932	\$464,449	\$42,517
Special Revenue	3,678,319	3,769,545	91,226
Debt Service	179,385	180,340	955
Capital Projects	413,731	283,749	(129,982)
Total	\$4,693,367	\$4,698,083	\$4,716

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$501,144	\$425,747	\$75,397
Special Revenue	4,323,704	3,458,640	865,064
Debt Service	334,340	333,386	954
Capital Projects	281,416	281,416	0
Total	\$5,440,604	\$4,499,189	\$941,415

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

Demand deposits	2020 \$1,163,837
Total deposits	1,163,837
 STAR Ohio/STAR Plus	 1,188,223
Total investments	1,188,223
<i>Total carrying amount of deposits and investments held in the Pool</i>	<i>\$2,352,060</i>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township does not have any unremitted employee payroll withholdings.

Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Deposits

Deposits are insured by the Federal Deposit 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, 2020, \$324,212 of deposits were not insured or collateralized, contrary to Ohio law. 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 2020, the Township's financial institution was approved for a reduced collateral rate of 50 percent by the OPCS.

Investments

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

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

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.

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Township 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

The Township certified Fire Fighters belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24.00 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Social Security

Some Township 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, 2020.

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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
2016 Fire Obligation Bonds	\$685,000	2.65%
2019 Fire Truck Lease	1,158,976	3.60%
2020 Snowplow Truck Lease	109,852	2.40%
Total	\$1,953,828	

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, in the amount of \$1,295,000 at a rate of 2.65 percent to refinance the Fire Improvement Bonds, Series 2006.

The Fire Improvement Bonds, Series 2016, have a term of eight years and mature on December 1, 2024. The Fire Improvement Bonds, Series 2006, were retired on June 1, 2017.

Leases

In 2019, the Township approved the purchase of three fire trucks with a purchase price of \$1,868,021. Of this purchase price, there was a lease taken out with Huntington Public Capital Corporation in the amount of \$1,268,021 at a rate of 3.60 percent. The fire truck lease matures on March 1, 2029.

In 2020, the Township approved the purchase of a snowplow truck with a purchase price of \$115,159. The snowplow truck lease has a three year term at a rate of 2.4 percent and matures on November 1, 2023.

Amortization

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

	Fire		
Year Ending December 31:	Obligation Bonds	Fire Truck Lease	Snowplow Truck Lease
2021	\$181,152	\$153,046	\$38,386
2022	180,833	153,046	38,386
2023	189,407	153,046	38,387
2024	179,638	153,046	0
2025	0	153,046	0
2026-2029	0	612,183	0
Total	\$731,030	\$1,377,413	\$115,159

Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Outstanding Encumbrances	\$9,651	\$237,087	\$0	\$0	\$246,738
Total	\$9,651	\$237,087	\$0	\$0	\$246,738

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, debt service and capital projects funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balances.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township received CARES Act funding. Of the amounts received, \$122,400 was sub-granted to other governments and organizations. These amounts are reflected as general government, public safety and health and human services expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Nimishillen Township
Stark County, Ohio
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$195,632	\$1,500,306	\$301,110	\$0	\$1,997,048
Charges for Services	0	946,334	0	0	946,334
Licenses, Permits and Fees	42,278	0	0	0	42,278
Intergovernmental	179,222	533,837	0	0	713,059
Special Assessments	1,553	12,624	0	0	14,177
Earnings on Investments	29,181	4,395	0	0	33,576
Miscellaneous	8,951	27,555	0	0	36,506
<i>Total Cash Receipts</i>	<u>456,817</u>	<u>3,025,051</u>	<u>301,110</u>	<u>0</u>	<u>3,782,978</u>
Cash Disbursements					
Current:					
General Government	413,036	0	0	0	413,036
Public Safety	0	1,892,968	0	0	1,892,968
Public Works	3,488	828,096	0	0	831,584
Capital Outlay	200,001	1,718,816	0	101,373	2,020,190
Debt Service:					
Principal Retirement	0	0	154,000	0	154,000
Interest and Fiscal Charges	0	0	26,421	0	26,421
<i>Total Cash Disbursements</i>	<u>616,525</u>	<u>4,439,880</u>	<u>180,421</u>	<u>101,373</u>	<u>5,338,199</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(159,708)</u>	<u>(1,414,829)</u>	<u>120,689</u>	<u>(101,373)</u>	<u>(1,555,221)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	0	9,200	0	0	9,200
Other Financing Sources	0	1,268,021	0	0	1,268,021
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>1,277,221</u>	<u>0</u>	<u>0</u>	<u>1,277,221</u>
<i>Net Change in Fund Cash Balances</i>	<u>(159,708)</u>	<u>(137,608)</u>	<u>120,689</u>	<u>(101,373)</u>	<u>(278,000)</u>
<i>Fund Cash Balances, January 1</i>	<u>451,252</u>	<u>1,599,445</u>	<u>32,357</u>	<u>101,373</u>	<u>2,184,427</u>
Fund Cash Balances, December 31					
Nonspendable	0	0	0	0	0
Restricted	0	1,376,525	153,046	0	1,529,571
Committed	0	85,312	0	0	85,312
Assigned	0	0	0	0	0
Unassigned (Deficit)	291,544	0	0	0	291,544
<i>Fund Cash Balances, December 31</i>	<u>\$291,544</u>	<u>\$1,461,837</u>	<u>\$153,046</u>	<u>\$0</u>	<u>\$1,906,427</u>

See accompanying notes to the basic financial statements

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Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 all 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 Funds:

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 Funds These funds account for and report 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 principal and interest issued to finance public improvements.

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

Capital Equipment Fund – This fund accounts for the transfer from the fire district fund for the acquisition of fixed assets for the purpose of providing fire and emergency medical services, including motor vehicles.

Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 (except certain custodial funds) be budgeted annually.

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

A summary of 2019 budgetary activity appears in Note 4.

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.

Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 – Compliance

Contrary to Ohio law, appropriations exceed estimated resources in the fire district fund by \$505,532 for the year ended December 31, 2019.

Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$412,185	\$456,817	\$44,632
Special Revenue	3,134,165	4,293,072	1,158,907
Debt Service	180,420	301,110	120,690
Capital Projects	0	0	0
Total	\$3,726,770	\$5,050,999	\$1,324,229

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$660,033	\$616,836	\$43,197
Special Revenue	4,879,740	4,440,650	439,090
Debt Service	180,421	180,421	0
Capital Projects	101,373	101,373	0
Total	\$5,821,567	\$5,339,280	\$482,287

Note 5 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

Demand deposits	2019 \$327,192
Total deposits	327,192
STAR Ohio/STAR Plus	1,579,235
Total investments	1,579,235
<i>Total carrying amount of deposits and investments held in the Pool</i>	<i>\$1,906,427</i>

Deposits

Deposits are insured by the Federal Deposit 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.

Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

At December 31, 2019, \$28,198 of deposits were not insured or collateralized, contrary to Ohio law. 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 2019, the Township's financial institution was approved for a reduced collateral rate of 50 percent by the OPCS.

Investments

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

Note 6 – 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 7 – Risk Management

Workers' Compensation

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.

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Township 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 health care and survivor and disability benefits.

Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Township certified Fire Fighters belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24.00 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Social Security

Some Township 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, 2019.

Note 9 – 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 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
2016 Fire Obligation Bonds	\$843,000	2.65%
2019 Fire Truck Lease	1,268,021	3.60%
Total	\$2,111,021	

Nimishillen Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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, in the amount of \$1,295,000 at a rate of 2.65 percent to refinance the Fire Improvement Bonds, Series 2006. The Fire Improvement Bonds, Series 2016, have a term of eight years and mature on December 1, 2024. The Fire Improvement Bonds, Series 2006, were retired on June 1, 2017.

Leases

In 2019, the Township approved the purchase of three fire trucks with a purchase price of \$1,868,021. Of this purchase price, there was a lease taken out with Huntington Public Capital Corporation in the amount of \$1,268,021 at a rate of 3.60 percent. The fire truck lease matures on March 1, 2029.

Amortization

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

Year Ending	Fire Obligation	Fire Truck
December 31:	Bonds	Lease
2020	\$180,340	\$153,047
2021	181,152	153,047
2022	180,833	153,047
2023	189,408	153,047
2024	179,638	153,047
2025-2029	0	765,223
Total	<u>\$911,371</u>	<u>\$1,530,458</u>

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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
8000 Columbus Road
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 the Nimishillen Township, Stark County, (the Township) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, and have issued our report thereon dated November 22, 2021, 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. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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 a 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. We consider findings 2020-001 through 2020-003 and 2020-005 through 2020-006 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2020-004 described in the accompanying schedule of findings to be a significant deficiency.

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 financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2020-001 through 2020-004.

Township'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

November 22, 2021

**NIMISHILLEN TOWNSHIP
STARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Ohio Const. Art. XII, Section 5a, and 1982 Op. Att'y. Gen. No. 82-031 requires interest earned on moneys derived from fees, excises and taxes relating to the use, operation or registration of motor vehicles or to fuels for propelling such vehicles be credited to the special fund to which the principal belongs. Such interest may not, therefore, be paid into the general fund of the state or a political subdivision. Ohio Rev. Code § 135.21 provides in pertinent part, all other investment earnings, except investment earnings from custodial funds, shall be credited to the general fund of the township.

- During 2020, the Township inappropriately recorded \$16,861 of an Ohio Bureau of Workers' Compensation premium refund in the General Fund. Given the source of the revenue and Auditor of State Bulletin 2013-007, this should have been recorded in the Motor Vehicle License Tax Fund, the Fire District Fund, and the Fire and Rescue, Ambulance and EMS Services Fund in the amounts of \$2,557, \$7,932 and \$6,372, respectively.
- During 2020, the Township inappropriately recorded \$29,892 of property tax deductions in the General Fund rather than the funds in which the related property tax receipts were recorded in. Given the source of the revenue, the property tax deductions should have been recorded in the Road and Bridge Fund, the Fire District Fund, the Road District Fund, and the Lighting District Fund in the amounts of \$3,234, \$19,280, \$7,200, and \$178, respectively.
- During 2020, the Township inappropriately recorded \$6,900 of fire loss claim receipts and disbursements in the Fire Insurance Deposit Fund. Given the source of the revenue and Auditor of State Bulletin 2020-003, this should have been recorded in the Demolition Escrow Fund.
- During 2019, the Township inappropriately recorded \$31,192 of property tax deductions in the General Fund rather than the funds in which the related property tax receipts were recorded in. Given the source of the revenue, the property tax deductions should have been recorded in the Road and Bridge Fund, the Fire District Fund, the Road District Fund, and the Lighting District Fund in the amounts of \$3,223, \$19,625, \$8,176, and \$168, respectively.
- During 2019, the Township inappropriately recorded \$352 of interest in the Capital Equipment Fund. Given the source of the revenue, this should have been recorded in the General Fund.

Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Official's Response: We understand what the issues are and have corrected them. In April of 2020, when I took office, Covid was raging. Many offices, including Government offices, were closed. Typically, a new Fiscal Officer would have had in-person training, which was not available to my office in 2020. Phone support was very limited. As noted in your finding, the previous administration performed some of the duties incorrectly. Our office did not know the previous administration was doing this incorrectly, so we continued to follow the processes the previous two term Fiscal Officer had in place. We understand the problems and have made the corrections.

FINDING NUMBER 2020-002

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code § 5705.39 provides the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

At December 31, 2020 and 2019, the Township's appropriations exceeded the amount certified as available by the budget commission in the following funds:

Year	Fund	Estimated Resources	Appropriations	Variance
2020	General Bond - Note Retirement	\$332,431	\$334,340	(\$1,909)
2019	Fire District	\$2,695,113	\$3,200,645	(\$505,532)

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Township's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Township should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Township should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board to reduce the appropriations.

Official's Response: We understand what the issues are and have corrected them. In April of 2020, when I took office, Covid was raging. Many offices, including Government offices, were closed. Typically, a new Fiscal Officer would have had in-person training, which was not available to my office in 2020. Phone support was very limited. As noted in your finding, the previous administration performed some of the duties incorrectly. Our office did not know the previous administration was doing this incorrectly, so we continued to follow the processes the previous two term Fiscal Officer had in place. We understand the problems and have made the corrections.

FINDING NUMBER 2020-003

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code § 117.38(A) provides each public office shall file a financial report for each fiscal year. The financial report shall include the notes to the financial statements. Ohio Rev. Code § 117.38(C)(4) provides the report shall contain the amount of public debt of each taxing district, the purpose for which each item of such debt was created, and the provision made for the payment thereof. The Auditor of State provides footnote shells to public offices reporting on the regulatory cash basis. The footnote shell includes the amortization of debt and explains:

- Insert amounts by debt type from amortization schedules.
- The dates in the table above should be modified to start with the year following the financial statement date for payments due in subsequent years.
- Present amounts due after five years in 5-year increments.

The Township's debt note included within the 2019 Hinkle System submission improperly disclosed the amortization of a capital lease within the amortization of its general obligation bonds. As a result, the lease column of the note included no disclosures although the lease required principal and interest payments of \$153,047 for 2020 through 2024, and principal and interest payments totaling \$765,223 for 2025 through 2029. In addition, the general obligation bond column of the note was overstated as follows:

Year	Reported Amortization	Actual Amortization	Variance
2020	\$333,386	\$180,340	\$153,046
2021	\$334,198	\$181,152	\$153,046
2022	\$333,879	\$180,833	\$153,046
2023	\$342,454	\$189,408	\$153,046
2024	\$332,684	\$179,638	\$153,046
2025	\$153,046	\$0	\$153,046
2026	\$153,046	\$0	\$153,046
2027	\$153,046	\$0	\$153,046
Total	\$2,135,739	\$911,371	\$1,224,368

In addition, the debt note did not present amounts due after five years in 5-year increments. The notes to the financial statements have been adjusted to reflect the correct amounts.

The Township should implement controls over financial reporting to ensure the debt note disclosure is completed accurately. Each debt type should be separately reported. In addition, the debt note should present amounts due after five years in 5-year increments.

Official's Response: We understand what the issues are and have corrected them. In April of 2020, when I took office, Covid was raging. Many offices, including Government offices, were closed. Typically, a new Fiscal Officer would have had in-person training, which was not available to my office in 2020. Phone support was very limited. As noted in your finding, the previous administration performed some of the duties incorrectly. Unaware that the previous administration was doing this incorrectly, we continued to follow the processes the previous two term Fiscal Officer had in place. We understand the problems and have made the corrections.

FINDING NUMBER 2020-004

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

Ohio Rev. Code § 149.351(A) states, in part, all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under sections 149.38 to 149.42 of the Revised Code. Those records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred or destroyed unlawfully.

- The Township was unable to locate any of the original receipts and corresponding supporting documentation for fiscal year 2019.

The Township should establish and implement procedures to verify that all records and documentation are properly maintained. Failure to retain required public records may result in an incomplete audit trail, create potential problems for future management decisions, and may result in findings for recovery in future audits.

Official's Response: The missing files you refer to are from 2019. I took office April 1, 2020. Unfortunately, my office was never provided with these records. My office, a township trustee and the previous fiscal officer all met and we searched everywhere. We were unable to locate the 2019 records.

FINDING NUMBER 2020-005

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 and disbursements in the correct accounts. Incorrect postings during 2019 that required reclassification within the financial statements included the following:

- Inception of capital lease proceeds in the amount of \$1,268,021 were improperly recorded as miscellaneous receipts rather than an other financing source in the special revenue funds.

Incorrect postings during 2020 that required reclassification within the financial statements included the following:

- Interest and fiscal charges disbursements in the amount of \$44,000 were improperly recorded as principal retirement in the debt service fund.
- The Township entered into a capital lease for a snowplow truck in the amount of \$109,852 in November 2020 that was not recorded within the financial statements. As a result, other financing sources and capital outlay were understated by \$109,852 in the special revenue funds.

The Fiscal Officer and Board of Trustees should review financial reports to help ensure the financial statements are complete and receipts and disbursements are recorded in the proper line item classification.

Official's Response: We understand the issue and have corrected it.

FINDING NUMBER 2020-006

MATERIAL WEAKNESS

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

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the Appropriation Status Report provides the process by which the Township controls spending. It is therefore necessary that the amounts appropriated by the Board are precisely stated and accurately posted to the Appropriation Status Report.

The original certificate and amendments establish the amounts available for expenditures for the Township and the Revenue 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 Revenue Status Report.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Board were not accurately posted to the accounting system. The following errors were identified for 2020 and 2019:

Year	Fund	Approved Appropriations	Appropriations from the Appropriation Status Report	Variance
2020	Coronavirus Relief	\$496,470	\$470,383	\$26,087
2019	Permissive Motor Vehicle License Tax	\$153,270	\$173,270	(\$20,000)

Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) were not accurately posted to the accounting system. The following errors were identified for 2020 and 2019:

Year	Fund	Approved Estimated Receipts	Estimated Receipts from the Revenue Status Report	Variance
2020	General	\$421,932	\$431,365	(\$9,433)
2020	Motor Vehicle License Tax	\$25,000	\$25,250	(\$250)
2020	Gasoline Tax	\$187,000	\$246,748	(\$59,748)
2020	Road and Bridge	\$229,118	\$242,700	(\$13,582)
2020	Fire District	\$1,674,515	\$1,579,885	\$94,630
2020	Road District	\$501,033	536,606	(\$35,573)
2020	Permissive MVL Tax	\$102,000	\$106,000	(\$4,000)
2020	Coronavirus Relief Fund	\$496,470	\$470,383	\$26,087
2020	Fire and Resuce, Ambulance and EMS	\$260,000	\$276,000	(\$16,000)
2020	General Bond-Note Retirement	\$179,385	\$334,340	(\$154,955)
2020	FEMA Capital Projects - Turnout Gear	\$210,893	\$78,578	\$132,315
2020	Fire Insurance Deposit	\$0	\$6,900	(\$6,900)
2019	General	\$412,185	\$434,773	(\$22,588)
2019	Motor Vehicle License Tax	\$25,000	\$25,500	(\$500)
2019	Gasoline Tax	\$123,000	\$124,500	(\$1,500)
2019	Road and Bridge	\$225,992	\$226,633	(\$641)
2019	Fire District	\$1,934,785	\$2,957,862	(\$1,023,077)
2019	Road District	\$498,388	\$499,059	(\$671)
2019	Permissive MVL Tax	\$105,000	\$103,000	\$2,000
2019	Fire and Rescue, Ambulance and EMS	\$210,000	\$261,000	(\$51,000)
2019	Lighting District	\$12,000	\$13,000	(\$1,000)

Failure to accurately post the appropriations and 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 and expenditures, the Township should accurately post to the ledgers, on a timely basis, estimated resources as certified by the County Budget Commission and appropriations approved by the Board. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been accurately posted to the ledgers.

Official's Response: We understand the issue and have made the appropriate corrections. Going forward it is imperative that the Stark County Auditor provide our office with timely reports so we can check our work.

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2020-007

Road Department Employees - Finding for Recovery

Three road department employees were overpaid \$2,150 during fiscal year 2019 and 2020 as detailed below. The following payroll rates were used in determining the over-payments.

Employee	Period	Legislatively Approved Rates and Increases	Hourly Rate	Over-Time Rate	Double Over-Time Rate
Jacob Dawson	May 22, 2018 - July 31, 2018	Res. No. 18-166	\$18.77	\$28.16	\$37.54
Jacob Dawson	August 1, 2018 - November 21, 2018	Section VI of the Negotiated Contract (2% increase)	\$19.15	\$28.73	\$38.30
Jacob Dawson	November 22, 2018 - May 21, 2019	Section VI of the Negotiated Contract (\$0.25 six month increase)	\$19.40	\$29.10	\$38.30
Jacob Dawson	May 22, 2019 - July 31, 2019	Section VI of the Negotiated Contract (\$0.25 twelve month increase)	\$19.65	\$29.48	\$39.30
Jacob Dawson	August 1, 2019 - July 31, 2020	Section VI of the Negotiated Contract (2% increase)	\$20.05	\$30.08	\$40.10
Jacob Dawson	August 1, 2020 - December 31, 2020	Section VI of the Negotiated Contract (2% increase)	\$20.46	\$30.69	\$40.92
Cory Neff	July 11, 2019 - July 31, 2019	Res. No 19-190	\$18.77	\$28.16	\$37.54
Cory Neff	August 1, 2019 - January 10, 2020	Section VI of the Negotiated Contract (2% increase)	\$19.15	\$28.73	\$38.30
Cory Neff	January 11, 2020 - July 10, 2020	Section VI of the Negotiated Contract (\$0.25 six month increase)	\$19.40	\$29.10	\$38.80
Cory Neff	July 11, 2020 - July 31, 2020	Section VI of the Negotiated Contract (\$0.25 twelve month increase)	\$19.65	\$29.48	\$39.30
Cory Neff	August 1, 2020 - December 31, 2020	Section VI of the Negotiated Contract (2% increase)	\$20.05	\$30.08	\$40.10
Jamie May	January 1, 2015 - July 31, 2016	Res. No. 14-230	\$19.77	\$29.66	\$39.54
Jamie May	August 1, 2016 - July 31, 2017	Section VI of the Negotiated Contract (2% increase) plus \$2.00 per hour for completing Superintendent's duties	\$22.17	\$33.26	\$44.34
Jamie May	August 1, 2017 - July 31, 2018	Section VI of the Negotiated Contract (2% increase) plus \$2.00 per hour for completing Superintendent's duties	\$22.57	\$33.86	\$45.14
Jamie May	August 1, 2018 - July 31, 2019	Section VI of the Negotiated Contract (2% increase) plus \$2.00 per hour for completing Superintendent's duties	\$22.98	\$34.47	\$45.96
Jamie May	August 1, 2019 - July 31, 2020	Section VI of the Negotiated Contract (2% increase) plus \$4.00 per hour for filling in for the Superintendent	\$25.40	\$38.10	\$50.80
Jamie May	August 1, 2020 - December 31, 2020	Section VI of the Negotiated Contract (2% increase) plus \$4.00 per hour for filling in for the Superintendent	\$25.83	\$38.75	\$51.66

Road department employee Jacob Dawson was overpaid \$1,023 during 2020 as detailed below:

- For per period beginning August 1, 2020 and ending August 14, 2020, the employee's time card documented 12 hours of compensatory time to be paid at a rate of \$30.69 and totaling \$368.28. However, the employee was paid for 12 hours of compensatory time at a rate of \$30.08 and totaling \$360.96, resulting in an underpayment of \$7.32.
- For pay period beginning ended August 29, 2020 and ending September 11, 2020, the employee's time card documented four hours of overtime to be paid at a rate of \$30.69 and totaling \$122.76. However, the employee was paid for three hours of overtime at a rate of \$30.69 and totaling \$92.07, resulting in an underpayment of \$30.69.
- For pay period beginning August 29, 2020 and ending September 11, 2020, the employee's time card documented one hour of composting time to be paid at a rate of \$20.46 and totaling \$20.46. However, the employee was paid for two hours of composting time at a rate of \$20.46 and totaling \$40.92, resulting in an overpayment of \$20.46.
- For pay period beginning December 5, 2020 and ending December 18, 2020, the employee's time card documented 0.25 hours of compensatory time to be paid at a rate of \$30.69 and totaling \$7.68. However, the employee was paid for 0.25 hours of compensatory time at a rate of \$20.46 and totaling \$5.12, resulting in an underpayment of \$2.56.
- For pay period beginning December 19, 2020 and ending January 1, 2021, the employee's time card documented two hours of overtime to be paid at a rate of \$30.69 and totaling \$61.38. However, the employee was paid for 36 hours of overtime at a rate of \$30.69 and totaling \$1,104.84, resulting in an overpayment of \$1,043.46.

Road department employee Cory Neff was overpaid \$1,102 during 2020 and 2019 as detailed below:

- For pay periods beginning August 1, 2019 and ending January 10, 2020, the employee's time cards documented 948 regular hours, 20.5 overtime hours and two double overtime hours to be paid at rates of \$19.15, \$28.73 and \$38.30, respectively, plus correction pay of \$218.88, and totaling \$19,038.65. However, the employee was paid \$19,222.24 during the period resulting in an overpayment totaling \$183.59. The overpayment was the result of the employee being paid incorrect rates during the period.
- For pay periods beginning January 11, 2020 and ending July 10, 2020, the employee's time cards documented 1,038.5 regular hours, 30 overtime hours and 8.75 double overtime hours to be paid at rates of \$19.40, \$29.10 and \$38.80, respectively, and totaling \$21,359.40. However, the employee was paid \$21,801.57 during the period resulting in an overpayment totaling \$442.17. The overpayment was the result of the employee being paid incorrect rates during the period.
- For pay periods beginning July 11, 2020 and ending July 31, 2020, the employee's time card documented 120 regular hours and three overtime hours to be paid at rates of \$19.65 and \$29.48, respectively, and totaling \$2,446.43. However, the employee was paid \$2,496.24 during the period resulting in an overpayment totaling \$49.81. The overpayment was the result of the employee being paid an incorrect rates during the period.
- For pay periods beginning August 1, 2020 and ending January 1, 2021, the employee's time card documented 892.75 regular hours, 102.25 overtime hours and 7.5 double time hours to be paid at rates of \$20.05, \$30.08 and \$40.10, respectively, and totaling \$21,275.56. However, the employee was paid \$21,702.60 during the period resulting in an overpayment of \$427.04. The overpayment was the result of the employee being paid incorrect rates during the period.

Additional errors included in the amount reported above included:

- For pay period beginning April 25, 2020 and ending May 8, 2020, the employee's time card documented two compost hours to be paid at a rate \$19.40 and totaling \$38.80. However, the employee was paid two compensatory hours at a rate of \$29.70 and totaling \$59.40, resulting in an overpayment of \$20.60.
- For pay period beginning August 1, 2020 and ending August 14, 2020, the employee's time card documented 70.5 regular hours to be paid at a rate of \$20.05 and totaling \$1,413.53. However, the employee was paid for 71 regular hours at a rate of \$20.46 and totaling \$1,452.66, resulting in an overpayment of \$39.13.

Road department Interim Superintendent Jamie May was overpaid \$25 as detailed below:

- For pay period beginning August 29, 2020 and ending September 11, 2020, the employee's time card documented 80 regular hours and five overtime hours to be paid at rates of \$25.83 and \$38.75, respectively, and totaling \$2,260.13. However, the employee was paid for 78 regular hours and seven overtime hours at rates of \$25.83 and \$38.75, respectively, and totaling \$2,285.99. As a result, the employee was overpaid \$25.86.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Jacob Dawson, Cory Neff and Jamie May in the amounts of \$1,023, \$1,102 and \$25, respectively, and in favor of Nimishillen Township's general, motor vehicle license tax, gasoline tax, road and bridge, road district and permissive motor vehicle license tax funds in the amounts of \$42, \$319, \$453, \$476, \$465 and \$395 respectively.

Three hundred forty-five dollars of the net expenditures of \$2,150 illegally paid occurred when Brian Kandel was the Township Fiscal Officer, and \$1,805 of these net illegal expenditures occurred when Todd Bosley was the Township Fiscal Officer.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Att'y. Gen. No. 80-074; Ohio Rev. Code § 9.39; *State ex rel. Village of Linndale v. Masten*, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. See 1980 Op. Att'y. Gen. No. 80-074.

Brian Kandel and his bonding company The Selective Insurance Company of America will be jointly and severally liable in the amount of \$345 and in favor of Nimishillen Township. Todd Bosley and his bonding company The Selective Insurance Company of America will be jointly and severally liable in the amount of \$1,805 and in favor of Nimishillen Township.

Official's Response: Payroll errors were detected in year 2019 and 2020. Immediately upon taking office, we realized that hand written time sheets were a huge problem for the payroll clerk, including the inability to verify hours and decipher people's handwriting. In December 2020, the Board of Trustees agreed to implement the Paychex system to prevent these errors and potential theft of hours. Paychex is a system that uses each employee's thumb print to login/logout, so this was the agreed upon solution. Over the Fiscal Office's objections, the Trustees continue to exempt only the Road Dept. from using the Paychex system. The error/potential theft of hours (no Road Dept. employee notified our office of the overpayments), have continued in 2020 due to this exemption. Until they are required to do so, this will continue to be an ongoing problem

Nimishillen Township

Trustees:

George Kiko, President
Jennifer Leone, Vice President
Don Keefe, Trustee

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

Fiscal Officer
Todd D. Bosley

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Estimated Receipts Recorded in the Accounting System Inadequately	Partially Corrected	Planned Corrections – Township is implementing controls to ensure budgeted receipts are accurately entered.
2018-002	Posting of Receipts and Expenditures That Resulted in Financial Statement Adjustments and Reclassifications	Partially Corrected	Planned Corrections – The Township will refer to the Ohio Township Handbook to ensure receipts and expenditures are accurately recorded

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OHIO AUDITOR OF STATE KEITH FABER



NIMISHILLEN TOWNSHIP

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/11/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov