



Dave Yost • Auditor of State

TAYLOR TOWNSHIP
UNION COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Taylor Township
Union County
19449 Wheeler Green Rd
Marysville, OH 43030

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Taylor Township, Union County, Ohio, (the Township) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of 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, 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 Taylor Township, Union County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions 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 November 16, 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.



Dave Yost
Auditor of State
Columbus, Ohio

November 16, 2015

**TAYLOR TOWNSHIP
UNION COUNTY**

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

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 75,578	\$ 264,311	\$ -	\$ -	\$ 339,889
Licenses, Permits and Fees	820	6,505	-	-	7,325
Fines and Forfeitures	4,814	-	-	-	4,814
Intergovernmental	21,448	114,251	-	-	135,699
Special Assessments	-	-	2,607	-	2,607
Earnings on Investments	1,645	506	-	6	2,157
Miscellaneous	1,885	100	-	-	1,985
<i>Total Cash Receipts</i>	<u>106,190</u>	<u>385,673</u>	<u>2,607</u>	<u>6</u>	<u>494,476</u>
Cash Disbursements					
Current:					
General Government	114,477	-	-	-	114,477
Public Safety	-	203,263	-	-	203,263
Public Works	230	65,403	-	-	65,633
Health	-	32,437	-	-	32,437
Capital Outlay	1,978	-	-	-	1,978
<i>Total Cash Disbursements</i>	<u>116,685</u>	<u>301,103</u>	<u>-</u>	<u>-</u>	<u>417,788</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,495)</u>	<u>84,570</u>	<u>2,607</u>	<u>6</u>	<u>76,688</u>
<i>Net Change in Fund Cash Balances</i>	<u>(10,495)</u>	<u>84,570</u>	<u>2,607</u>	<u>6</u>	<u>76,688</u>
<i>Fund Cash Balances, January 1</i>	<u>127,261</u>	<u>756,567</u>	<u>139,180</u>	<u>4,356</u>	<u>1,027,364</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	3,000	3,000
Restricted	-	841,060	1,787	1,362	844,209
Committed	-	77	-	-	77
Assigned	116,766	-	140,000	-	256,766
<i>Fund Cash Balances, December 31</i>	<u>\$ 116,766</u>	<u>\$ 841,137</u>	<u>\$ 141,787</u>	<u>\$ 4,362</u>	<u>\$ 1,104,052</u>

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

**TAYLOR TOWNSHIP
UNION COUNTY**

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

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 53,717	\$ 315,789	\$ -	\$ -	\$ 369,506
Licenses, Permits and Fees	2,909	6,781	-	-	9,690
Fines and Forfeitures	7,410	-	-	-	7,410
Intergovernmental	75,997	122,184	-	-	198,181
Special Assessments	-	-	2,780	-	2,780
Earnings on Investments	1,388	383	-	2	1,773
Miscellaneous	6,915	1,227	-	-	8,142
<i>Total Cash Receipts</i>	<u>148,336</u>	<u>446,364</u>	<u>2,780</u>	<u>2</u>	<u>597,482</u>
Cash Disbursements					
Current:					
General Government	112,021	-	6	-	112,027
Public Safety	-	209,473	-	-	209,473
Public Works	266	42,041	3,992	-	46,299
Health	-	68,992	-	-	68,992
Conservation-Recreation	-	17	-	-	17
Capital Outlay	4,439	-	-	-	4,439
<i>Total Cash Disbursements</i>	<u>116,726</u>	<u>320,523</u>	<u>3,998</u>	<u>-</u>	<u>441,247</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	31,610	125,841	(1,218)	2	156,235
Transfers In	61,535	-	-	-	61,535
Transfers Out	-	(1,535)	(60,000)	-	(61,535)
<i>Net Change in Fund Cash Balances</i>	93,145	124,306	(61,218)	2	156,235
<i>Fund Cash Balances, January 1</i>	<u>34,116</u>	<u>632,261</u>	<u>200,398</u>	<u>4,354</u>	<u>871,129</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	3,000	3,000
Restricted	-	756,490	-	1,356	757,846
Committed	-	77	-	-	77
Assigned	127,186	-	140,000	-	267,186
Unassigned (Deficit)	75	-	(820)	-	(745)
<i>Fund Cash Balances, December 31</i>	<u>\$ 127,261</u>	<u>\$ 756,567</u>	<u>\$ 139,180</u>	<u>\$ 4,356</u>	<u>\$ 1,027,364</u>

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

**TAYLOR TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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 Taylor Township, Union County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Liberty Township to provide fire services and ambulance services. The Township contracts with the Union County Sheriff's Office to provide routine police protection services. The Township hall serves as an outpost for the Sheriff's office. The Public Safety officers that work from this outpost receive special training in fire protection and EMS as they are often the first responders to emergency situations.

The Township participates in the LUC Regional Planning Commission, a jointly governed organization. The Township also belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool that provides property and casualty coverage for its members. Note 7 and 6, respectively; provide additional information for these entities.

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

B. Accounting Basis

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

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

C. Deposits and Investments

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

The Township values a certificate of deposit at cost.

D. Fund Accounting

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

**TAYLOR TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

1. General Fund

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

2. Special Revenue Funds

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

Cemetery Fund - This fund receives property tax money and license, permits, and fees for maintaining the Township's cemeteries.

Special Levy Fire Fund - This fund receives fire levy tax money to pay for fire, EMS and PSO contracted services provided to residents of the Township.

3. 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

Miscellaneous Capital Projects Fund – This fund is utilized for the construction on a Community Center.

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting Township's programs (for the benefit of the Township or its citizenry). The Township had the following significant permanent fund

Woods and Thompson Trust Fund – This fund is for the perpetual care of cemetery lots designated by the Trust.

**TAYLOR TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 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.

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 4.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

**TAYLOR TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

**TAYLOR TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. Equity in Pooled Deposits

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

	2014	2013
Demand deposits	\$1,101,052	\$1,024,364
Certificates of deposit	3,000	3,000
Total deposits	1,104,052	1,027,364

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

3. Budgetary Activity

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

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,984	\$106,190	\$1,206
Special Revenue	355,305	385,673	30,368
Capital Projects	11	2,607	2,596
Permanent	10	6	(4)
Total	\$460,310	\$494,476	\$34,166

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$232,170	\$116,685	\$115,485
Special Revenue	1,110,707	301,103	809,604
Capital Projects	140,250	0	140,250
Total	\$1,483,127	\$417,788	\$1,065,339

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$74,699	\$148,336	\$73,637
Special Revenue	421,142	446,364	25,222
Capital Projects	1,683	2,780	1,097
Permanent	1,327	2	(1,325)
Total	\$498,851	\$597,482	\$98,631

**TAYLOR TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$210,018	\$116,726	\$93,292
Special Revenue	751,555	320,523	431,032
Capital Projects	213,455	3,998	209,457
Total	\$1,175,029	\$441,247	\$733,782

4. Property Tax

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

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

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

5. Retirement Systems

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

6. Risk Management

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

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

**TAYLOR TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Risk Management (Continued)

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

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014 (the latest information available):

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

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

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

**TAYLOR TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Risk Management (Continued)

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2014</u>
\$5,377	\$5,404

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

7. Jointly Governed Organizations

Taylor Township participates in the LUC Regional Planning Commission which is a statutorily created political subdivision of the State. The Commission is jointly governed among Logan, Union, and Champaign Counties, and the cities of Bellefontaine, Marysville and Urbana. Each member's control over the operation of the Commission is limited to its representation on the Board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions and services of the entities involved. The Township contributed \$1,039 for 2014 fees and \$1,029 for 2013 fees. Due to the 2010 census, Union County has become the fiscal agent for the Commission in 2012. Additional information may be obtained by writing to the LUC Regional Planning Commission, P.O. Box 219, East Liberty, Ohio 43319.



Dave Yost • Auditor of State

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

Taylor Township
Union County
18678 State Route 347
Broadway, Ohio 43007

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 Taylor Township, Union County, Ohio, (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 November 16, 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) permit.

Internal Control Over Financial Reporting

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

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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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. 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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

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.



Dave Yost
Auditor of State
Columbus, Ohio

November 16, 2015

**TAYLOR TOWNSHIP
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Financial Reporting - Material Weakness/Material Noncompliance

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Ohio Rev. Code § 5705.10 (C) states that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. Additionally, Section (D) states 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 purposes.

Governmental Accounting Standards Board Statement 54 was implemented for the 2013 and 2014 financial statements. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The following audit adjustments and reclassifications were made to the Township's financial statements and, where applicable, to the Township's accounting records to properly post receipts and expenditures and to apply the new accounting standard:

1. To properly classify the fund balance for 2013 in the General Fund, we decreased Unassigned Fund Balance and increased the Assigned Fund Balance in the amount of \$127,186. To properly classify the fund balance for 2014 in the General Fund, we decreased Unassigned Fund Balance and increased Assigned Fund Balance in the General Fund in the amount of \$116,766. This was a result of the Township appropriating a portion of the fund balance in the subsequent years' appropriations.
2. To properly classify intergovernmental receipts for 2013 posted as property taxes in error, we decreased property tax receipts in the General Fund and increased intergovernmental receipts in the General Fund by \$2,733.
3. To properly classify a Special Assessment receipt for 2013 of \$1,458, we decreased property tax receipts in the Special Revenue fund and increased Special Assessment receipts in the Capital Projects fund in the amount of \$1,458.
4. To properly classify a Property Tax receipt for 2013 of \$2,526, we decreased Special Assessment receipts in the Capital Projects fund and increased property tax receipts in the Special Revenue fund in the amount of \$2,526.

**TAYLOR TOWNSHIP
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-001 – (Continued)

Financial Reporting - Material Weakness/Material Noncompliance (Continued)

5. To properly classify rollback receipts as Intergovernmental, we decreased Property Tax receipts in the Special Revenue fund by \$15,515 and in the General fund by \$2,733 and increased Intergovernmental receipts in the Special Revenue fund by \$15,515 and in the General fund by \$2,733.

Failure to properly classify receipts among funds and line items results in inaccurate financial reports being disseminated to the Board of Trustees, as well as financial statement users.

We recommend the Township fiscal officer follow the Auditor of State Bulletin 2011-004 regarding Fund Balance reporting and classifications. We also recommend the fiscal officer follow the Ohio Township Handbook as well as the Ohio Revised Code and other authoritative guidance when posting receipts to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Board of Trustees should review the financial statements and note disclosures to identify and correct errors and omissions.

Officials' Response

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

**TAYLOR TOWNSHIP
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2012-001	Reclassifications and adjustments identified during the audit period	No	Reissued as Finding 2014-001
Finding 2012-002	Ohio Revised Code §5705.36-Certification of All Resources Available for Expenditure on the first day of the year	Yes	
Finding 2012-003	Ohio Revised Code §5705.10(C)-Revenue derived from a special levy	No	Reissued as Finding 2014-001

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Dave Yost • Auditor of State

TAYLOR TOWNSHIP

UNION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 10, 2015**