



Dave Yost • Auditor of State



**NIMISHILLEN TOWNSHIP  
STARK COUNTY  
DECEMBER 31, 2016 AND 2015**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Nimishillen Township, Stark County, (the Township) as of and for the years ended December 31, 2016 and 2015.

### ***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 Government'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 Government's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 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, 2016 and 2015, 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 Nimishillen Township, Stark County as of December 31, 2016 and 2015, 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 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2017, 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

July 10, 2017

**NIMISHILLEN TOWNSHIP  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$171,256	\$1,188,572	\$178,650	\$0	\$1,538,478
Charges for Services	20,159	827,379	-	-	847,538
Licenses, Permits and Fees	42,518	-	-	-	42,518
Intergovernmental	146,942	487,026	-	-	633,968
Special Assessments	-	17,130	-	-	17,130
Earnings on Investments	1,269	-	-	-	1,269
Miscellaneous	22,718	13,372	-	-	36,090
<i>Total Cash Receipts</i>	<u>404,862</u>	<u>2,533,479</u>	<u>178,650</u>	<u>-</u>	<u>3,116,991</u>
<b>Cash Disbursements</b>					
Current:					
General Government	343,784	-	-	-	343,784
Public Safety	3,535	1,489,916	-	-	1,493,451
Public Works	-	697,896	-	-	697,896
Health	-	-	-	-	0
Capital Outlay	-	89,175	-	100,000	189,175
Contract Services	-	60,000	-	-	60,000
Debt Service:					
Principal Retirement	-	40,279	110,000	-	150,279
Interest and Fiscal Charges	-	2,039	68,650	-	70,689
<i>Total Cash Disbursements</i>	<u>347,319</u>	<u>2,379,305</u>	<u>178,650</u>	<u>100,000</u>	<u>3,005,274</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>57,543</u>	<u>154,174</u>	<u>-</u>	<u>(100,000)</u>	<u>111,717</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Bonds	-	-	1,295,000	-	1,295,000
Bond Issuance Costs	-	-	(10,000)	-	(10,000)
Other Financing Sources	503	-	-	-	503
<i>Total Other Financing Receipts (Disbursements)</i>	<u>503</u>	<u>-</u>	<u>1,285,000</u>	<u>-</u>	<u>1,285,503</u>
<i>Net Change in Fund Cash Balances</i>	<u>58,046</u>	<u>154,174</u>	<u>1,285,000</u>	<u>(100,000)</u>	<u>1,397,220</u>
<i>Fund Cash Balances, January 1</i>	<u>414,094</u>	<u>872,352</u>	<u>-</u>	<u>203,764</u>	<u>1,490,210</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	7,681	961,118	1,285,000	103,764	2,357,563
Committed	-	65,408	-	-	65,408
Assigned	53,508	-	-	-	53,508
Unassigned (Deficit)	410,951	-	-	-	410,951
<i>Fund Cash Balances, December 31</i>	<u>\$472,140</u>	<u>\$1,026,526</u>	<u>\$1,285,000</u>	<u>\$103,764</u>	<u>\$2,887,430</u>

See accompanying notes to the basic financial statements

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**NIMISHILEN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Note 1 – Reporting Entity**

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

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

***General Bond – Note Retirement Fund*** The general bond – note retirement fund accounts for the collection of property taxes collected for the payment of principal and interest on the Township's debt obligations.

***Capital Project Fund*** This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

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

**NIMISHILEN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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***Basis of Accounting***

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

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

***Budgetary Process***

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

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

***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.

***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 2016 budgetary activity appears in Note 3.

***Deposits and Investments***

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

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

***Capital Assets***

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

***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.

**NIMISHILEN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Fund Balance**

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

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

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

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

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$358,328	\$405,365	\$47,037
Special Revenue	2,460,716	2,533,479	72,763
Debt Service	178,650	1,473,650	1,295,000
Capital Projects	100,000	0	(100,000)
Total	\$3,097,694	\$4,412,494	\$1,314,800

**NIMISHILEN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$413,158	\$347,319	\$65,839
Special Revenue	2,663,316	2,379,305	284,011
Debt Service	178,650	188,650	(10,000)
Capital Projects	100,000	100,000	0
Total	\$3,355,124	\$3,015,274	\$339,850

**Note 4 – Deposits and Investments**

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

	2016
Demand deposits	\$596,959
Cash with bond registrar	1,285,000
Total deposits	1,881,959
STAR Ohio/STAR Plus	1,005,471
Total investments	1,005,471
Total deposits and investments	\$2,887,430

***Deposits***

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

During 2016, the Township issued Fire Improvement Bonds, Series 2016 to refund the Fire Improvement Bonds, Series 2006. On December 19, 2016, the Township deposited \$1,285,000 with Huntington National Bank, the bond registrar, to retire the Fire Improvement Bonds Series 2006. The Fire Improvement Bonds, Series 2006 will be retired on June 1, 2017.

***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 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.

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

**NIMISHILEN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Note 6 - Risk Management**

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

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

***Social Security***

30 of the Township's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**NIMISHILEN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
2006 Fire Improvement Bonds, Series 2006	\$1,285,000	3.65% - 5.00%
2016 Fire Improvement Bonds, Series 2016	1,295,000	2.65%
Truck lease	41,284	2.69%
Total	<u>\$2,621,284</u>	

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. There was a ten year no call on this bond. In December of 2016, the trustees approved a refunding of this debt from a variable rate of 3.65% to 5.00%, to a fixed rate of 2.65%. As stipulated in the Fire Improvement Bonds, Series 2006, principal can only be paid down at the time of an interest payment, which occurs on June 1 and December 1. Due to the pending interest rate hike in December 2016, the Fire Improvement Bonds, Series 2016 were funded after the December 1 payment date to lock the rate in. In December 2016, the Township issued Fire Improvement Bonds, Series 2016 to refinance the Fire Improvement Bonds, Series 2006. On December 19, 2016, the Township deposited \$1,285,000 with Huntington National Bank, the bond registrar, to retire the Fire Improvement Bond, Series 2006. The Fire Improvement Bonds, Series 2006 bonds will be retired June 1, 2017.

**Lease**

The Township leased a vehicle under a noncancelable lease. The Township disbursed \$42,318 to pay lease costs for the year ended December 31, 2016.

**Amortization**

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

Year ending December 31:	Lease	Fire Improvement Bonds, Series 2006	Fire Improvement Bonds, Series 2016
2017	\$42,318	\$1,317,125	\$180,602
2018			180,395
2019			180,421
2020			180,339
2021			181,153
2022-2026			549,878
Total	<u>\$42,318</u>	<u>\$1,317,125</u>	<u>\$1,452,788</u>

**NIMISHILLEN TOWNSHIP  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$154,221	\$1,148,900	\$183,050	-	\$1,486,171
Charges for Services	11,552	758,583	-	-	770,135
Licenses, Permits and Fees	39,482	-	-	-	39,482
Intergovernmental	322,071	487,455	-	-	809,526
Special Assessments	-	19,462	-	-	19,462
Earnings on Investments	224	-	-	-	224
Miscellaneous	4,055	34,202	-	-	38,257
<i>Total Cash Receipts</i>	<u>531,605</u>	<u>2,448,602</u>	<u>183,050</u>	<u>-</u>	<u>3,163,257</u>
<b>Cash Disbursements</b>					
Current:					
General Government	369,736	-	-	-	369,736
Public Safety	3,623	1,243,025	-	-	1,246,648
Public Works	-	910,722	-	-	910,722
Health	367	-	-	-	367
Capital Outlay	-	6,550	-	-	6,550
Contract Services	-	77,425	-	-	77,425
Debt Service:	-	-	-	-	-
Principal Retirement	-	42,064	110,000	-	152,064
Interest and Fiscal Charges	-	254	73,050	-	73,304
<i>Total Cash Disbursements</i>	<u>373,726</u>	<u>2,280,040</u>	<u>183,050</u>	<u>-</u>	<u>2,836,816</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>157,879</u>	<u>168,562</u>	<u>-</u>	<u>-</u>	<u>326,441</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	-	-	-	70,000	70,000
Transfers Out	-	(70,000)	-	-	(70,000)
Other Financing Sources	471	-	-	-	471
<i>Total Other Financing Receipts (Disbursements)</i>	<u>471</u>	<u>(70,000)</u>	<u>-</u>	<u>70,000</u>	<u>471</u>
<i>Net Change in Fund Cash Balances</i>	<u>158,350</u>	<u>98,562</u>	<u>-</u>	<u>70,000</u>	<u>326,912</u>
<i>Fund Cash Balances, January 1</i>	<u>255,744</u>	<u>773,790</u>	<u>-</u>	<u>133,764</u>	<u>1,163,298</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	801,299	-	203,764	1,005,063
Committed	-	71,053	-	-	71,053
Assigned	52,767	-	-	-	52,767
Unassigned (Deficit)	361,327	-	-	-	361,327
<i>Fund Cash Balances, December 31</i>	<u>\$414,094</u>	<u>\$872,352</u>	<u>-</u>	<u>\$203,764</u>	<u>\$1,490,210</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, 2015**

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**Note 1 – Reporting Entity**

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

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

***Basis of Presentation***

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***Fund Accounting***

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

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**NIMISHILLEN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

---

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

***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.

***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 2015 budgetary activity appears in Note 3.

***Deposits and Investments***

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

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

***Capital Assets***

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

***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.

**NIMISHILLEN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Fund Balance**

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

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

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

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

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$323,550	\$532,076	\$208,526
Special Revenue	2,366,227	2,448,602	82,375
Debt Service	183,050	183,050	0
Capital Projects	50,000	70,000	20,000
Total	\$2,922,827	\$3,233,728	\$310,901

**NIMISHILLEN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$395,045	\$373,726	\$21,319
Special Revenue	2,590,260	2,350,040	240,220
Debt Service	183,050	183,050	0
Capital Projects	0	0	0
Total	\$3,168,355	\$2,906,816	\$261,539

**Note 4 – Deposits and Investments**

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

	2015
Demand deposits	\$688,630
Total deposits	688,630
STAR Ohio/STAR Plus	801,580
Total investments	801,580
Total deposits and investments	\$1,490,210

***Deposits***

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

***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 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.

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

**Note 6 - Risk Management**

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

**NIMISHILLEN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Social Security***

24 of the Township's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Improvement Bonds, Series 2006	\$1,395,000	3.65% - 5.00%
Truck lease	\$81,563	2.69%
Total	<u>\$1,476,563</u>	

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 2006.

**NIMISHILLEN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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***Lease***

The Township leased a vehicle under noncancelable lease. The Township disbursed \$42,318 to pay lease costs for the year ended December 31, 2015.

***Amortization***

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

Year ending December 31:	<u>Lease</u>	Fire Improvement Bonds, Series <u>2006</u>
2016	\$42,318	\$178,650
2017	\$42,318	184,250
2018		183,250
2019		177,000
2020		180,750
2021-2025		900,750
Total	<u>\$84,636</u>	<u>\$1,804,650</u>



# 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*

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Nimishillen Township, Stark County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated July 10, 2017, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 2016-001.

***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.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 10, 2017



**NIMISHILLEN TOWNSHIP  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Posting of Receipts and Disbursements**

<i>Finding Number</i>	2016-001
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NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code § 5705.10(C) provides all revenue from a special levy shall be credited to a special fund for the purpose for which the levy was made. During 2016 and 2015, property and other local tax receipts totaling \$80,000 and \$25,000, respectively, levied for the fire district fund were improperly recorded in the capital equipment fund. Ohio Rev. Code § 5705.13(C) provides a taxing authority may, by resolution or ordinance, transfer money to the capital projects fund from any other fund of the subdivision that may lawfully be used for the purpose of acquiring, constructing, or improving the fixed assets identified in the resolution or ordinance; however, rather than transfer the \$80,000 and \$25,000 from the fire district fund to the capital equipment fund, the Township elected to record property and other local tax monies from the fire district fund directly into the capital equipment fund. As a result, property and local tax receipts and cash fund balance in the fire district fund were understated by \$80,000 and \$25,000 during 2016 and 2015, respectively, and property and other local tax receipts and cash fund balance in the capital equipment fund were overstated by \$80,000 and \$25,000 during 2016 and 2015, respectively. The Township's financial statements and accounting system have been adjusted for this error.

Ohio Rev. Code § 5705.10(E) provides in pertinent part, all proceeds from the sale of public obligations shall be paid into a special fund for the purpose of such issue. During 2016, the Township issued Fire Improvement Bonds, Series 2016 in the amount of \$1,295,000 which includes bond issuance costs of \$10,000; however, the sale of bonds and bond issuance costs were not reported in the financial statements. The Township Trustees approved the issuance of bonds not to exceed \$1,295,000 at the November 22, 2016 meeting through resolution no. 16-344; however, the Township did not anticipate the issuance to occur until 2017 and did not record the sale of bonds and bond issuance costs during 2016. As a result, sale of bonds, bond issuance costs and cash fund balance in the general bond note retirement fund were understated by \$1,295,000, \$10,000 and \$1,285,000, respectively. The Township's financial statements and accounting system have been adjusted to include this activity.

In addition to the adjustments identified above, the following errors were identified because the Township did not record receipts or disbursements in the correct accounts. Incorrect postings during 2016 that required reclassification to the financial statements included the following:

- Recycling and composting grant receipts totaling \$37,221 were improperly recorded as other rather than intergovernmental in the general fund.
- Composting services receipts totaling \$20,159 were improperly recorded as other rather than charges for services in the general fund.
- Principal retirement and interest and fiscal charges disbursements in the amounts of \$40,279 and \$2,039, respectively, were improperly recorded as public works in the special revenue funds.
- The purchase of an ambulance in the amount of \$86,692 was recorded as public safety rather than capital outlay in the special revenue funds.

**Posting of Receipts and Disbursements**

<i>Finding Number</i>	2016-001 (continued)
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Incorrect postings during 2015 that required reclassification to the financial statements included the following:

- Recycling and composting grant receipts totaling \$4,411 were improperly recorded as other rather than intergovernmental in the general fund.
- Composting services receipts totaling \$11,552 were improperly recorded as other rather than charges for services in the general fund.
- Principal retirement and interest and fiscal charges disbursements in the amounts of \$42,064 and \$254, respectively, were improperly recorded as public works.

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

**Official's Response:**

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



# Dave Yost • Auditor of State

**NIMISHILLEN TOWNSHIP**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 24, 2017**