



Dave Yost • Auditor of State



**SUPERIOR TOWNSHIP  
WILLIAMS COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Superior Township  
Williams County  
10668 State Route 107, P.O. Box 228  
Montpelier, Ohio 43543-0228

To the Board of Trustees:

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

We have audited the accompanying financial statements and related notes of Superior Township, Williams County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012.

### ***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***

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Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484  
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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, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2013 and 2012, or changes in financial position 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 Superior Township, Williams County as of December 31, 2013 and 2012, 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 August 4, 2014, 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

August 4, 2014

**SUPERIOR TOWNSHIP  
WILLIAMS 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$15,800	\$101,007	\$116,807
Licenses, Permits and Fees	18,311	24,928	43,239
Intergovernmental	34,504	112,107	146,611
Earnings on Investments	2,023	613	2,635
Miscellaneous		7,600	7,600
<i>Total Cash Receipts</i>	<u>70,638</u>	<u>246,255</u>	<u>316,893</u>
<b>Cash Disbursements</b>			
Current:			
General Government	112,072		112,072
Public Safety		36,722	36,722
Public Works	70	141,841	141,911
Health		40,414	40,414
Capital Outlay	6,000		6,000
<i>Total Cash Disbursements</i>	<u>118,142</u>	<u>218,977</u>	<u>337,119</u>
<i>Net Change in Fund Cash Balances</i>	(47,503)	27,278	(20,226)
<i>Fund Cash Balances, January 1</i>	<u>179,380</u>	<u>174,177</u>	<u>353,557</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		164,543	164,543
Committed		36,912	36,912
Unassigned	131,876		131,876
<i>Fund Cash Balances, December 31</i>	<u>\$131,876</u>	<u>\$201,455</u>	<u>\$333,331</u>

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

**SUPERIOR TOWNSHIP  
WILLIAMS COUNTY**

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

	<u>Private Purpose Trust</u>
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$12
<i>Fund Cash Balances, January 1</i>	<u>3,325</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,337</u></u>

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



**SUPERIOR TOWNSHIP  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$16,528	\$102,654	\$119,182
Licenses, Permits and Fees	19,537	29,653	49,190
Intergovernmental	24,209	114,961	139,170
Earnings on Investments	3,882	1,144	5,026
Miscellaneous	4,616	6,300	10,916
<i>Total Cash Receipts</i>	<u>68,771</u>	<u>254,712</u>	<u>323,483</u>
<b>Cash Disbursements</b>			
Current:			
General Government	121,419		121,419
Public Safety		33,337	33,337
Public Works	36,469	232,236	268,705
Health		39,499	39,499
Capital Outlay	31,135		31,135
<i>Total Cash Disbursements</i>	<u>189,023</u>	<u>305,073</u>	<u>494,096</u>
<i>Net Change in Fund Cash Balances</i>	(120,252)	(50,361)	(170,613)
<i>Fund Cash Balances, January 1</i>	<u>299,631</u>	<u>224,538</u>	<u>524,169</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		141,317	141,317
Committed		32,860	32,860
Unassigned	179,380		179,380
<i>Fund Cash Balances, December 31</i>	<u>\$179,380</u>	<u>\$174,177</u>	<u>\$353,557</u>

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

**SUPERIOR TOWNSHIP  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Private Purpose Trust
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$10
<i>Fund Cash Balances, January 1</i>	<u>3,315</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,325</u></u>

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

**SUPERIOR TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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 the Superior Township, Williams 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, cemetery maintenance, and fire protection. The Township contracts with the Village of Montpelier and Florence Township to provide fire services.

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

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

**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 its repurchase agreements 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:

**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

**SUPERIOR TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

**3. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds are for the benefit of certain individuals and the cemetery's programs.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. 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.

**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 2013 and 2012 budgetary activity appears in Note 3.

**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**

**SUPERIOR TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

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

**2. Equity in Pooled Deposits and Investments**

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments

**SUPERIOR TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

at December 31 was as follows:

	2013	2012
Demand deposits	\$33,375	\$29,777
Repurchase agreement	303,293	327,105
Total deposits and investments	\$336,668	\$356,882

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation

**Investments:** The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

Contrary to Ohio law, the fiscal officer did not attend investment training which is required in order for the Township to invest in a repurchase agreement,

**3. Budgetary Activity**

Budgetary activity for the years ending 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$84,950	\$70,638	(\$14,312)
Special Revenue	249,665	246,255	(3,410)
Fiduciary	11	12	1
Total	\$334,626	\$316,905	(\$17,721)

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$264,330	\$118,142	\$146,188
Special Revenue	423,842	218,977	204,865
Fiduciary	3,336		3,336
Total	\$691,508	\$337,119	\$354,389

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,050	\$68,771	(\$1,279)
Special Revenue	247,650	254,712	7,062
Fiduciary	36	10	(26)
Total	\$317,736	\$323,493	\$5,757

**SUPERIOR TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$369,624	\$189,023	\$180,601
Special Revenue	472,188	305,073	167,115
Fiduciary	3,387		3,387
Total	\$845,199	\$494,096	\$351,103

**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 System**

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 postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, 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, 2013.

**6. Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting

**SUPERIOR TOWNSHIP  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available).

	<b>2012</b>	<b>2011</b>
Assets	<u>\$13,100,381</u>	<u>\$12,501,280</u>
Liabilities	<u>(6,687,193)</u>	<u>(5,328,761)</u>
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

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





# 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

Superior Township  
Williams County  
10668 State Route 107, P.O. Box 228  
Montpelier, Ohio 43543-0228

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 Superior Township, Williams County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated August 4, 2014, 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-003 and 2013-004 described in the accompanying schedule of findings to be material weaknesses.

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***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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-001 and 2013-002.

***Entity'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 audit the Township's responses and, accordingly, we express no opinion on it.

***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

August 4, 2014

**SUPERIOR TOWNSHIP  
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2013-001**

**Finding for Recovery Repaid Under Audit**

In 2013, the Township's budget (total amount of resources available) decreased from \$845,199 in 2012 to \$691,507.

**Ohio Rev. Code §507.09** sets the maximum salary compensation for township fiscal officers and **Ohio Rev. Code §505.24** sets the maximum salary compensation for township trustees. Based on the 2013 budget amount of \$691,507, the maximum salary for the Superior Township Fiscal Officer should be \$14,147 and the maximum salary for Superior Township Trustees should be \$9,004 (\$45.02 per diem not to exceed 200 days).

In 2013, the Fiscal Officer was paid \$16,977, which is \$2,830 more than the maximum allowable salary under Ohio Rev. Code §507.09, and each trustee was paid \$10,292.76, which is \$1,288.76 more than the maximum allowable salary under Ohio Rev. Code §505.22.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code §117.28, findings for recovery for public money illegally expended are hereby issued against Patricia Creek, Superior Township fiscal officer, and her bonding company, Selective Insurance Company of America, in the amount of \$2,830, as well as against Superior Township Trustees, Daniel Gillen, Thomas Worthington, and Hillis Rockey, and their bonding company, Ohio Plan Risk Management Incorporated, in the amount of \$1,288 each, in favor of the Superior Township General Fund.

On August 4, 2014, Patricia Creek issued a check to Superior Township for \$2,830. Daniel Gillen, Thomas Worthington and Hillis Rockey, also issued checks to Superior Township for \$1,288 each. This finding for recovery is considered repaid under audit.

**Officials' Response:**

Compensation of the elected officials is determined by the annual township budget. If the budget is between \$750,000 and \$1,500,000, the compensation remains the same. For several years, the budget of Superior Township has been decreasing; however the budget remained within this range. In 2013 it finally reached a level below the \$750,000. Officials failed to notice that the salaries needed to be recomputed at the lower level. This resulted in each of the officials being overpaid. As soon as this oversight was brought to their attention, each of the trustees and fiscal officer immediately reimbursed the township for the amount of the overpayment. The township budget for 2014 is once again below the \$750,000, and all officials are being paid the appropriate amount as set forth in the Ohio Revised Code.

**FINDING NUMBER 2013-002**

**Noncompliance Citation**

**Ohio Rev. Code §135.22** provides that a subdivision treasurer shall complete the continuing education program described in this section, unless the treasurer annually provides a notice of exemption to the Treasurer of State.

The Township had a repurchase agreement with a local bank during the audit period. There were balances of \$303,293 and \$327,105, in this account at December 31, 2013 and 2012.

Investment training was required for fiscal officer to invest in these types of accounts. The Fiscal Officer did not attend the investment training provided by the Treasurer of State for either year of the audit.

We recommend the Fiscal Officer review the Township's deposits on an annual basis and obtain the required training when necessary.

**Officials' Response:**

The Township has a repurchase agreement with a local bank. An exemption form had been sent to the state for the years 2012-2013. The fiscal officer reviewed the Ohio Revised Code 135.14 and was advised by others that an exemption form was required due to the nature of the sweep account and the no load mutual funds. Previously had been advised that other Townships in this area had the same account and have not been required to attend CPIM training. Upon investigating the CPIM training, the fiscal officer was informed that 2 years in office was required before online training could be taken. Moving forward the fiscal officer will be attending a classroom training through the 2014 Central Ohio AGA Regional Professional Development Training scheduled on October 14 and 15, 2014.

**FINDING NUMBER 2013-003**

**Material Weakness - Fund Balance Classification**

Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

Restricted revenues included those where constraints have placed been on the use by either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e., State Statutes); or (b) imposed by law through constitutional provisions or enabling legislation.

Committed revenues include amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (such as an ordinance or resolution).

The Board of Trustees approved using inside millage committing these monies for road and bridge improvements and maintenance purposes. These amounts have been placed into the Road and Bridge and reported the Road and Bridge Fund balances of \$36,912 at December 31, 2013 and \$32,860 at December 31, 2012 as "restricted" instead of "committed."

Audit adjustments have been made to the financial statements to properly report the year end fund balances.

In order to ensure the Township's governmental fund balances are reported in accordance with GASB 54, we recommend the Township review Auditor of State Bulletin 2011-004.

**Officials' Response:**

The Road and Bridge Fund has been classified as restricted at the Township for many years; moving forward the Fiscal Officer will reclassify to committed. This reclassification can only be completed at the

year end on the UAN system.

#### **FINDING NUMBER 2013-004**

##### **Material Weakness – Financial Reporting**

Accurate financial reporting is the responsibility of the fiscal officer and is essential to ensure the information provides to the readers of the financial statements is correct.

The 2012 financial statements contained report errors in the General Fund, such as the following:

- Expenditures relating to capital construction at Cemetery were recorded as "Transfers Out" instead of "Capital Outlay" in the amount of \$24,827.
- Payments of employee withholdings were recorded as "Transfers Out" instead of "General Government" in the amount of \$4,252.

As a result of these and other errors, the Township's financial statements did not correctly reflect the financial activity of the Township for the fiscal year and were posted to the financial statements. Adjustments to the financial statements were made to reflect the errors.

To ensure the Township's financial statements are complete and accurate, we recommend the Fiscal Officer post all transactions in accordance with the guidance established by the Township Handbook issued by the Auditor of State. Furthermore, Board of Trustees should adopt policies and procedures, including a final review of the statements, to identify and correct errors and omissions.

##### **Officials' Response:**

Transfer Out accounts were previously set by the fiscal officer of the township for a specific purpose. Moving forward the fiscal officer will review the Township handbook issued by the Auditor of State and work with the auditors to correct the error.

**SUPERIOR TOWNSHIP  
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Material weakness due to misclassified fund balance.	No	Not corrected and reissued as finding 2013-003 in this report.
2011-002	Ohio Rev. Code § 5705.10(D) for revenues posted to improper fund.	Yes	
2011-003	Material weakness due to errors in financial reporting.	No	Not corrected and reissued as finding 2013-004 in this report.
2011-004	Internal Revenue Code Title 26, USC § 3403 for failure to remit IRS tax deposits.	Yes	
2011-005	Ohio Rev. Code §145.51 for failure to remit OPERS tax deposits.	Yes	



# Dave Yost • Auditor of State

**SUPERIOR TOWNSHIP**

**WILLIAMS 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 26, 2014**