



OHIO AUDITOR OF STATE
KEITH FABER



**SPRINGCREEK TOWNSHIP
MIAMI COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT

Springcreek Township
Miami County
1600 Stockham Drive
Piqua, Ohio 45356

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 Springcreek Township, Miami County, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Springcreek Township, Miami County as of December 31, 2017 and 2016, 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 February 1, 2019, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 1, 2019

**SPRINGCREEK TOWNSHIP
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$149,955	\$73,306	\$223,261
Charges for Services		32,814	32,814
Intergovernmental	56,857	116,168	173,025
Earnings on Investments	3,474		3,474
Special Assessments		4,277	4,277
Miscellaneous	750		750
Total Cash Receipts	<u>211,036</u>	<u>226,565</u>	<u>437,601</u>
Cash Disbursements:			
Current:			
General Government	131,024	1,269	132,293
Public Safety	115,000	50,461	165,461
Public Works	31,888	127,460	159,348
Health	6,578		6,578
Total Cash Disbursements	<u>284,490</u>	<u>179,190</u>	<u>463,680</u>
Net Change in Fund Cash Balances	(73,454)	47,375	(26,079)
Fund Cash Balances, January 1	<u>259,731</u>	<u>393,157</u>	<u>652,888</u>
Fund Cash Balances, December 31:			
Restricted		360,564	360,564
Committed		79,968	79,968
Assigned	74,375		74,375
Unassigned	111,902		111,902
Fund Cash Balances, December 31	<u>\$186,277</u>	<u>\$440,532</u>	<u>\$626,809</u>

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

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**Springcreek Township
Miami County**

**Notes to the Financial Statements
For the Year Ended December 31, 2017**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Springcreek Township, Miami 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 and cemetery maintenance. The Township contracts with the City of Piqua and the Fletcher Volunteer Fireman's Association, Inc. to provide fire protection and ambulance services.

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

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 (cash basis) for all governmental fund types.

Fund Accounting

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

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

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

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.

Fire Levy Fund This fund receives property tax money for fire protection services for the Township residents. It also receives charges for services revenue for emergency medical services provided by the City of Piqua.

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 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Springcreek Township
Miami County**

**Notes to the Financial Statements
For the Year Ended December 31, 2017**

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 or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 3.

Deposits

The Township's funds are deposited in a checking and savings account.

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.

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.

**Springcreek Township
Miami County**

**Notes to the Financial Statements
For the Year Ended December 31, 2017**

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 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$197,581	\$211,036	\$13,455
Special Revenue	231,170	226,565	(4,605)
Total	\$428,751	\$437,601	\$8,850

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$322,800	\$284,737	\$38,063
Special Revenue	208,845	179,190	29,655
Total	\$531,645	\$463,927	\$67,718

Note 4 – 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:

Demand deposits	2017 \$626,809
Total deposits	626,809

Deposits Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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.

**Springcreek Township
Miami County**

**Notes to the Financial Statements
For the Year Ended December 31, 2017**

Note 5 – Property Taxes (Continued)

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.

Note 6 - Risk Management

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

Township officials 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, 2017

Social Security

One Township official contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The official contributed 6.2 percent of gross salary. The Township contributed an amount equal to 6.2 percent of the participant's gross salary. The Township has paid all contributions required through December 31, 2017.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 1 percent of the employer contribution to fund these benefits.

Note 9 – Related Party Transactions

The Township contracted with R.J. Howell Company, LLC during 2017. Trustee Mike Havenar's son-in-law is Vice President of the company and his daughter is Administrative Assistant of the company. During 2017, the Township paid the company \$5,750. Payments were made to the company for work related to the Township building and for culvert work.

**SPRINGCREEK TOWNSHIP
MIAMI COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$141,743	\$68,348	\$210,091
Charges for Services		42,681	42,681
Intergovernmental	55,029	113,765	168,794
Earnings on Investments	668		668
Special Assessments		4,295	4,295
Miscellaneous	11		11
Total Cash Receipts	<u>197,451</u>	<u>229,089</u>	<u>426,540</u>
Cash Disbursements:			
Current:			
General Government	163,714	1,195	164,909
Public Safety	25,000	137,614	162,614
Public Works	3,928	143,713	147,641
Health	6,500		6,500
Total Cash Disbursements	<u>199,142</u>	<u>282,522</u>	<u>481,664</u>
Excess of Receipts (Under) Disbursements	(1,691)	(53,433)	(55,124)
Other Financing Receipts:			
Other Financing Sources	<u>48</u>	<u>232</u>	<u>280</u>
Net Change in Fund Cash Balances	(1,643)	(53,201)	(54,844)
Fund Cash Balances, January 1	<u>261,374</u>	<u>446,358</u>	<u>707,732</u>
Fund Cash Balances, December 31:			
Restricted		342,466	342,466
Committed		50,691	50,691
Assigned	125,221		125,221
Unassigned	<u>134,510</u>		<u>134,510</u>
Fund Cash Balances, December 31	<u>\$259,731</u>	<u>\$393,157</u>	<u>\$652,888</u>

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

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**Springcreek Township
Miami County**

**Notes to the Financial Statements
For the Year Ended December 31, 2016**

Note 1 – Reporting Entity

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

Note 2 - Summary of Significant Accounting Policies

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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.

**Springcreek Township
Miami County**

**Notes to the Financial Statements
For the Year Ended December 31, 2016**

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 or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

Deposits

The Township's funds are deposited in a checking and savings account.

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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.

**Springcreek Township
Miami County**

**Notes to the Financial Statements
For the Year Ended December 31, 2016**

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Note 3 – Budgetary Activity

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$219,237	\$197,499	(\$21,738)
Special Revenue	624,882	229,321	(395,561)
Total	\$844,119	\$426,820	(\$417,299)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$254,650	\$199,430	\$55,220
Special Revenue	312,845	282,522	30,323
Total	\$567,495	\$481,952	\$85,543

Note 4 – 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:

Demand deposits	2016 \$652,888
Total deposits	652,888

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

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.

**Springcreek Township
Miami County**

**Notes to the Financial Statements
For the Year Ended December 31, 2016**

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Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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- Vehicles; and
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Note 7 - Defined Benefit Pension Plans

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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.

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The official contributed 6.2 percent of gross salary. The Township contributed an amount equal to 6.2 percent of the participant's gross salary. The Township has paid all contributions required through December 31, 2016.

Note 8 – Postemployment Benefits

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

Note 9 – Related Party Transactions

The Township contracted with R.J. Howell Company, LLC during 2016. Trustee Mike Havenar's son-in-law is Vice President of the company and his daughter is Administrative Assistant of the company. During 2016, the Township paid the company \$68,640. Payment was made to the company primarily for work related to residents' driveway approaches.

OHIO AUDITOR OF STATE KEITH FABER



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

Springcreek Township
Miami County
1600 Stockham Drive
Piqua, Ohio 45356

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 cash balances, receipts, and disbursements by fund type of Springcreek Township, Miami County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated February 1, 2019, 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-006 through 2017-007 to be material weaknesses.

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 item 2017-001 through 2017-005.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 1, 2019

**SPRINGCREEK TOWNSHIP
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

NONCOMPLIANCE / FINDING FOR RECOVERY – REPAID UNDER AUDIT

Prior to 2016, **Ohio Rev. Code § 507.09(A)(6)** provided, in part, the township fiscal officer was entitled to compensation of thirteen thousand two hundred dollars, in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars, except as otherwise provided in division (B), which increased compensation each year beginning in calendar year 1999.

Article II, § 20 of the Ohio Constitution provides that the general assembly, in cases not provided for in this constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

According to the Township's final amended official certificate of estimated resources for 2016 dated February 24, 2016, the Township's total 2016 budget was \$1,554,028. However, this certificate of estimated resources was significantly overstated as the Township's 2016 total actual resources (beginning fund balance plus actual revenue) totaled only \$1,134,552. Therefore, the Township's Fiscal Officer should have been paid in the \$750,000 - \$1,500,000 budget range.

The Township's former Fiscal Officer, Arlene Snider, served as Fiscal Officer for three months of 2016 until her term ended effective April 1, 2016; therefore, the former Fiscal Officer was eligible only for the 2015 compensation rate provided during her three months in office. As a result, the Township's former Fiscal Officer should have been compensated an amount of \$4,244.25 (the 2015 quarterly compensation amount) during 2016. However, the Township's former Fiscal Officer was actually compensated an amount of \$4,480 during 2016, which resulted in an overpayment of \$235.75.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against former Fiscal Officer, Arlene Snider, and in favor of the Township's general fund, in the amount of \$235.

Repayment was made via check on October 15, 2018, in the amount of \$235. This amount was deposited by the Township and recorded to the Township's accounting system on October 23, 2018 via receipt #77-2018.

The Township should ensure that its certificate of estimated resources reports proper amounts. If the actual resources are less than the amount reported on the certificate of estimated resources, the Township should modify annual pay for Township officials accordingly so that no official is paid more than allowed, in accordance with the appropriate budget category.

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

FINDING NUMBER 2017-002

NONCOMPLIANCE / FINDING FOR RECOVERY – REPAID UNDER AUDIT

Ohio Rev. Code § 507.09(A)(4) provides, in part, in calendar year 2016, the township fiscal officer shall be entitled to compensation of seventeen thousand eight hundred twenty-six dollars, in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars.

**FINDING NUMBER 2017-002
(Continued)**

Ohio Rev. Code § 507.09(B) provides in calendar year 2017, the compensation determined under division (A) of this section shall be increased by five percent.

Article II, § 20 of the Ohio Constitution provides that the general assembly, in cases not provided for in this constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

According to the Township's final amended official certificate of estimated resources for 2016 dated February 24, 2016, the Township's total 2016 budget was \$1,554,028. However, this certificate of estimated resources was significantly overstated as the Township's 2016 total actual resources (beginning fund balance plus actual revenue) totaled only \$1,134,552. According to the Township's final amended official certificate of estimated resources for 2017 dated January 19, 2017, the Township's total 2017 budget was \$1,082,393. Therefore, the Township's Fiscal Officer should have been paid in the \$750,000 - \$1,500,000 budget range for all of 2016 and 2017.

The Township's Fiscal Officer, Robert Black, was elected during 2015 and began his initial term April 1, 2016; therefore, the Fiscal Officer was eligible for the 2016 and 2017 compensation rate provided in Rev. Code Sections 507.09(A)(4) and 507.09(B) when his term began. As a result, the Township's Fiscal Officer should have been compensated an amount of \$13,369.50 (nine months of the 2016 total) in 2016 and \$18,717 in 2017. However, the Township's Fiscal Officer was actually compensated an amount of \$15,597 during 2016 and an amount of \$18,976.92 in 2017, which resulted in an overpayment of \$2,487.42.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Fiscal Officer, Robert Black, and in favor of the Township's general fund, in the amount of \$2,487.

Repayment was made via check on October 22, 2018, in the amount of \$2,487. This amount was deposited by the Township and recorded to the Township's accounting system on October 23, 2018 via receipt #77-2018.

The Township should ensure that its certificate of estimated resources reports proper amounts. If the actual resources are less than the amount reported on the certificate of estimated resources, the Township should modify annual pay for Township officials accordingly so that no official is paid more than allowed, in accordance with the appropriate budget category.

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

FINDING NUMBER 2017-003

NONCOMPLIANCE / FINDING FOR RECOVERY – REPAID UNDER AUDIT

Ohio Rev. Code § 505.24(A)(4) provides, in part, in calendar year 2016, each township trustee is entitled to compensation of fifty-four dollars and one cent per day for not more than two hundred days, in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars.

Ohio Rev. Code § 505.24(B) provides in calendar year 2017, the amounts paid as specified in division (A) of this section shall be increased by five percent.

**FINDING NUMBER 2017-003
(Continued)**

Article II, § 20 of the Ohio Constitution provides that the general assembly, in cases not provided for in this constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

According to the Township's final amended official certificate of estimated resources for 2016 dated February 24, 2016, the Township's total 2016 budget was \$1,554,028. However, this certificate of estimated resources was significantly overstated as the Township's 2016 total actual resources (beginning fund balance plus actual revenue) totaled only \$1,134,552. According to the Township's final amended official certificate of estimated resources for 2017 dated January 19, 2017, the Township's total 2017 budget was \$1,082,393. Therefore, the Township's Trustees should have been paid in the \$750,000 - \$1,500,000 budget range for all of 2016 and 2017.

Doug DeWeese, a Township Trustee, began a new term effective January 1, 2016; therefore, the Trustee would be eligible for the 2016 compensation rate provided in Rev. Code Section 505.24(A)(4) when the new term began. As a result, the Trustee should have been compensated an amount of \$10,802 (2016 daily compensation amount for 200 days) for 2016 and \$11,342 (2017 daily compensation amount for 200 days) for 2017. However, the Trustee was actually compensated an amount of \$11,703.70 during 2016 and an amount of \$11,436.70 in 2017, which resulted in an overpayment of \$996.40.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Trustee, Doug DeWeese, and in favor of the Township's general fund, in the amount of \$996.

Repayment was made via check on October 22, 2018, in the amount of \$996. This amount was deposited by the Township and recorded to the Township's accounting system on October 23, 2018 via receipt #77-2018.

The Township should ensure that its certificate of estimated resources reports proper amounts. If the actual resources are less than the amount reported on the certificate of estimated resources, the Township should modify annual pay for Township officials accordingly so that no official is paid more than allowed, in accordance with the appropriate budget category.

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

FINDING NUMBER 2017-004

NONCOMPLIANCE / FINDING FOR RECOVERY – REPAID UNDER AUDIT

Prior to 2016, **Ohio Rev. Code § 505.24(A)(6)** provided, in part, each township trustee was entitled to compensation of forty dollars and eighty-two cents per day for not more than two hundred days, in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars, except as otherwise provided in division (B), which increased compensation each year beginning in calendar year 1999.

Article II, § 20 of the Ohio Constitution provides that the general assembly, in cases not provided for in this constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

**FINDING NUMBER 2017-004
(Continued)**

According to the Township's final amended official certificate of estimated resources for 2016 dated February 24, 2016, the Township's total 2016 budget was \$1,554,028. However, this certificate of estimated resources was significantly overstated as the Township's 2016 total actual resources (beginning fund balance plus actual revenue) totaled only \$1,134,552. According to the Township's final amended official certificate of estimated resources for 2017 dated January 19, 2017, the Township's total 2017 budget was \$1,082,393. Therefore, the Township's Trustees should have been paid in the \$750,000 - \$1,500,000 budget range for all of 2016 and 2017.

Michael Havenar, a Township Trustee, was in the middle of his elected term that ended December 31, 2017; therefore, the Trustee was eligible for compensation at the 2015 compensation rate during 2016 and 2017. As a result, the Trustee should have been compensated an amount of \$10,288 (2015 daily compensation amount for 200 days) for 2016 and 2017. However, the Trustee was actually compensated an amount of \$11,146.36 during 2016 and an amount of \$10,373.80 during 2017, which resulted in an overpayment of \$944.16.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Trustee, Michael Havenar, and in favor of the Township's general fund, in the amount of \$944.

Repayment was made via check on October 17, 2018, in the amount of \$944. This amount was deposited by the Township and recorded to the Township's accounting system on October 23, 2018 via receipt #77-2018.

The Township should ensure that its certificate of estimated resources reports proper amounts. If the actual resources are less than the amount reported on the certificate of estimated resources, the Township should modify annual pay for Township officials accordingly so that no official is paid more than allowed, in accordance with the appropriate budget category.

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

FINDING NUMBER 2017-005

NONCOMPLIANCE / FINDING FOR RECOVERY – REPAID UNDER AUDIT

Prior to 2016, **Ohio Rev. Code § 505.24(A)(6)** provided, in part, each township trustee was entitled to compensation of forty dollars and eighty-two cents per day for not more than two hundred days, in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars, except as otherwise provided in division (B), which increased compensation each year beginning in calendar year 1999.

Article II, § 20 of the Ohio Constitution provides that the general assembly, in cases not provided for in this constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

According to the Township's final amended official certificate of estimated resources for 2016 dated February 24, 2016, the Township's total 2016 budget was \$1,554,028. However, this certificate of estimated resources was significantly overstated as the Township's 2016 total actual resources (beginning fund balance plus actual revenue) totaled only \$1,134,552. According to the Township's final amended official certificate of estimated resources for 2017 dated January 19, 2017, the Township's total 2017 budget was \$1,082,393. Therefore, the Township's Trustees should have been paid in the \$750,000 - \$1,500,000 budget range for all of 2016 and 2017.

**FINDING NUMBER 2017-005
(Continued)**

Thomas Hill, a Township Trustee, was in the middle of his elected term that ended December 31, 2017; therefore, the Trustee was eligible for compensation at the 2015 compensation rate during 2016 and 2017. As a result, the Trustee should have been compensated an amount of \$10,288 (2015 daily compensation amount for 200 days) for 2016 and 2017. However, the Trustee was actually compensated an amount of \$11,146.36 during 2016 and an amount of \$10,373.80 during 2017, which resulted in an overpayment of \$944.16.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Trustee, Thomas Hill, and in favor of the Township's general fund, in the amount of \$944.

Repayment was made via check on October 22, 2018, in the amount of \$944. This amount was deposited by the Township and recorded to the Township's accounting system on October 23, 2018 via receipt #77-2018.

The Township should ensure that its certificate of estimated resources reports proper amounts. If the actual resources are less than the amount reported on the certificate of estimated resources, the Township should modify annual pay for Township officials accordingly so that no official is paid more than allowed, in accordance with the appropriate budget category.

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

FINDING NUMBER 2017-006

MATERIAL WEAKNESS – FINANCIAL STATEMENT ERRORS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Township's 2017 and 2016 financial statements contained various errors. The Township's financial statements and records were adjusted to correct the following errors:

- In 2017 and 2016, general fund property tax receipts in the amount of \$117,279 and \$111,946, respectively, were incorrectly recorded as intergovernmental revenue rather than property tax revenue.
- In 2017 and 2016, amounts from the State related to homestead and rollback were incorrectly recorded as property tax revenue rather than intergovernmental revenue. For the general fund, this amounted to \$3,007 and \$2,916 for 2017 and 2016, respectively. Special revenue fund errors were \$10,200 and \$10,093 for 2017 and 2016, respectively.
- In 2017, emergency medical services revenue collection expenses in the amount of \$1,685 were incorrectly charged to the general fund rather than the fire special revenue fund. The fire fund correctly received the related revenue.
- In 2017 and 2016, property tax collection expenses were incorrectly charged to the general fund rather than to the applicable fund that received the revenue. For 2017, \$1,269 was charged to the general fund rather than the road and bridge (\$447) and fire (\$822) special revenue funds. For 2016, \$997 was charged to the general fund rather than the road and bridge (\$227) and fire (\$770) special revenue funds.

**FINDING NUMBER 2017-006
(Continued)**

- 2016 beginning fund balances were misstated in the following funds in the following amounts: general fund was overstated by \$1,181, gas tax fund was understated by \$57,000, road and bridge fund was understated by \$1,215, fire district fund was overstated by \$61,967, and street lights fund was understated by \$4,933.
- In 2016, the annual street light payment for which the Township had an assessment and a separate fund for, was charged to the general fund rather than the street light fund in the amount of \$3,337.
- In 2016, a fire contract paid from the general fund in the amount of \$25,000 was charged to general government expense rather than public safety expense.

The Township's financial statements were not adjusted to correct the following errors:

- In 2017 and 2016, general fund health property tax settlement deductions in the amount of \$5,310 and \$4,403, respectively, were misclassified as general government expense rather than health expense.
- In 2016, a payment for accounting assistance in the amount of \$813 was incorrectly classified as public works expense rather than general government expense in the general fund.

Failure to properly record financial transactions could lead to material financial statement errors and unreliable financial information on which Township decisions are made.

The Township should implement procedures to record financial transactions correctly to the proper fund and line item. To assist in this process, the Township should utilize the Uniform Accounting Network chart of accounts.

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

FINDING NUMBER 2017-007

MATERIAL WEAKNESS – FUND BALANCE ERRORS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Township's 2016 and 2017 financial statements were adjusted for the following errors related to fund balance reporting:

- Governmental Accounting Standards Board (GASB) Statement 54, paragraph 16 (GASB Codification 1800.176) states, in part, that an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. The Township failed to properly classify the amount by which appropriations exceeded estimated receipts for the subsequent year in the amounts of \$125,221 and \$74,375 on the 2016 and 2017 financial statements, respectively. These amounts should have been classified as assigned fund balance rather than committed fund balance in the general fund.

**FINDING NUMBER 2017-007
(Continued)**

- GASB Statement 54, paragraph 10 (GASB Codification 1800.170) states, in part, that amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority should be reported as committed fund balance. Additionally, Auditor of State Bulletin 2011-004 identifies that if funding for the road and bridge fund is derived from inside millage property tax revenue, the source of the constraint is considered to be imposed by the Trustees and not externally restricted by the voters and therefore, should be reported as committed fund balance. The Township failed to properly classify the 2016 and 2017 fund balances of \$50,691 and \$79,968, respectively, at year end in the road and bridge special revenue fund. The amounts should have been classified as committed rather than restricted.
- GASB Statement 54, paragraph 17 (GASB Codification 1800.177) states, in part, unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The Township originally incorrectly classified its entire general fund balance as committed for 2016 and 2017. The adjusted amount that should have been classified as unassigned in the General Fund was \$134,510 and \$111,902 for 2016 and 2017, respectively.

Failure to properly classify fund balances could lead to misstated financial statements and misleading financial statement information.

The Township should perform a review of all Township funds and determine proper reporting of fund balances in accordance with GASB Statement 54 and Auditor of State Bulletin 2011-004 requirements.

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

**Springcreek Township
1600 Stockham Drive
Piqua, Ohio 45356**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Material weakness – There were various adjusted financial statement errors.	Not Corrected	Financial statement adjustments occurred for 2017 and 2016.
2015-002	Material weakness – There were various fund balance classification errors that were adjusted.	Not Corrected	Fund balance classification adjustments occurred for 2017 and 2016.
2015-003	Significant deficiency – There was an unreconciled difference on the December 31, 2015 and 2014 bank reconciliations	Fully Corrected	

OHIO AUDITOR OF STATE KEITH FABER



SPRINGCREEK TOWNSHIP

MIAMI 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
MARCH 21, 2019**