



Dave Yost • Auditor of State

**SUPERIOR TOWNSHIP
WILLIAMS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2017	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – Fiduciary Fund Type – For the Year Ended December 31, 2017	4
Notes to the Financial Statements – For the Year Ended December 31, 2017	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2016	10
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – Fiduciary Fund Type – For the Year Ended December 31, 2016	11
Notes to the Financial Statements – For the Year Ended Decembers 31, 2016	12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19
Prepared By Management:	
Summary Schedule of Prior Audit Findings.....	20

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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 of the cash balances, receipts and disbursements by fund type, and related notes of Superior Township, Williams 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 Superior Township, Williams County, Ohio 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 November 5, 2018, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

November 5, 2018

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, 2017

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$17,507	\$129,668	\$147,175
Licenses, Permits and Fees	26,948	27,719	54,667
Intergovernmental	24,085	128,136	152,221
Earnings on Investments	812	1,290	2,102
Miscellaneous		15,038	15,038
<i>Total Cash Receipts</i>	<u>69,352</u>	<u>301,851</u>	<u>371,203</u>
Cash Disbursements			
Current:			
General Government	44,354		44,354
Public Safety		42,719	42,719
Public Works		159,012	159,012
Health		11,101	11,101
<i>Total Cash Disbursements</i>	<u>44,354</u>	<u>212,832</u>	<u>257,186</u>
<i>Net Change in Fund Cash Balances</i>	24,998	89,019	114,017
<i>Fund Cash Balances, January 1</i>	<u>5,260</u>	<u>344,244</u>	<u>349,504</u>
Fund Cash Balances, December 31			
Restricted		369,925	369,925
Committed		63,338	63,338
Unassigned	30,258		30,258
<i>Fund Cash Balances, December 31</i>	<u>\$30,258</u>	<u>\$433,263</u>	<u>\$463,521</u>

See accompanying notes to the basic financial statements

Superior Township
Williams County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31,2017

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	\$10
<i>Fund Cash Balances, January 1</i>	<u>3,374</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,384</u></u>

See accompanying notes to the basic financial statements

**SUPERIOR TOWNSHIP
WILLIAMS 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 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.

Public Entity Risk Pool

The Township participates in the Ohio Plan Risk Management, Inc. 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.

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the fiduciary fund type which are organized on a fund type basis.

Fund Accounting

The Township uses fund accounting 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:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

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 individual graves.

**SUPERIOR TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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 each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. The 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 agreement at cost.

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 or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

Fund Balance

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

**SUPERIOR TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted Fund balance is reported as 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 for use in satisfying those 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 contained 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, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$61,967	\$69,352	\$7,385
Special Revenue	\$279,496	301,851	22,355
Fiduciary	13	10	(3)
Total	\$341,476	\$371,213	\$29,737

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$67,226	\$44,354	\$22,872
Special Revenue	623,739	212,832	410,907
Fiduciary	3,387		3,387
Total	\$694,352	\$257,186	\$437,166

**SUPERIOR TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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:

	<u>2017</u>
Demand deposits	\$35,500
Repurchase Agreements	431,405
Total Deposits and Investments	<u><u>\$466,905</u></u>

Deposits: Deposits are insured by the Federal Deposit 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.

Note 5 – Property Taxes

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

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

**SUPERIOR TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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 equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plan

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 2017, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer plan, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

Note 9 – Miscellaneous Revenues

Miscellaneous receipts in the Special Revenue funds consisted primarily of proceeds from the sale of cemetery lots and reimbursements for cremation costs.

Superior Township
Williams County
Combined Statement of Receipts, Disbursements
And Changes in Fund Balances (Cash Basis)
All Government Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$18,849	\$124,385	\$143,234
Licenses, Permits and Fees	22,991	16,030	39,021
Intergovernmental	21,201	111,790	132,991
Earnings on Investments	622	1,031	1,653
Miscellaneous		8,950	8,950
<i>Total Cash Receipts</i>	<u>63,663</u>	<u>262,186</u>	<u>325,849</u>
Cash Disbursements			
Current:			
General Government	83,383		83,383
Public Safety	387	37,558	37,945
Public Works		127,295	127,295
Health	46	26,673	26,719
<i>Total Cash Disbursements</i>	<u>83,816</u>	<u>191,526</u>	<u>275,342</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,153)</u>	<u>70,660</u>	<u>50,507</u>
Other Financing Receipts (Disbursements)			
Advances In	10,000	10,000	20,000
Advances Out	(10,000)	(10,000)	(20,000)
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	(20,153)	70,660	50,507
<i>Fund Cash Balances, January 1</i>	<u>25,413</u>	<u>273,584</u>	<u>298,997</u>
Fund Cash Balances, December 31			
Restricted		285,865	285,865
Committed		58,379	58,379
Assigned	5,260		5,260
Unassigned			0
<i>Fund Cash Balances, December 31</i>	<u>\$5,260</u>	<u>\$344,244</u>	<u>\$349,504</u>

See accompanying notes to the basic financial statements

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, 2016

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	\$14
<i>Fund Cash Balances, January 1</i>	<u>3,360</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,374</u></u>

See accompanying notes to the basic financial statements

**SUPERIOR TOWNSHIP
WILLIAMS COUNTY**

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of 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.

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Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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**SUPERIOR TOWNSHIP
WILLIAMS COUNTY**

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

Basis of Accounting

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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.

Budgetary Process

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Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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. The 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 agreement at cost.

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Fund Balance

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**SUPERIOR TOWNSHIP
WILLIAMS COUNTY**

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted Fund balance is reported as 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 for use in satisfying those 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 contained 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 Fund	\$79,170	\$63,663	(\$15,507)
Special Revenue	\$254,648	262,186	7,538
Fiduciary	13	14	1
Total	\$333,831	\$325,863	(\$7,968)

**SUPERIOR TOWNSHIP
WILLIAMS COUNTY**

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

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$92,532	\$83,816	\$8,716
Special Revenue	434,208	191,526	242,682
Fiduciary	3,360		3,360
Total	<u>\$530,100</u>	<u>\$275,342</u>	<u>\$254,758</u>

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	\$35,500
Repurchase Agreements	317,378
Total Deposits and Investments	<u>\$352,878</u>

Deposits: Deposits are insured by the Federal Deposit 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.

Note 5 – Property Taxes

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

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

**SUPERIOR TOWNSHIP
WILLIAMS COUNTY**

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

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 criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% 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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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 the generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plan

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 2016, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer plan, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2 percent during calendar year 2016.



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

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 the cash balances, receipts, and disbursements by fund type of Superior Township, Williams County, Ohio (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 November 5, 2018 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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.

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

November 5, 2018

**SUPERIOR TOWNSHIP
WILLIAMS 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

Financial Reporting – Material Weakness

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

- Governmental Accounting Standards Board (GASB) Statement No. 54, codified as GASB Cod. 1800.176, requires an assignment of fund balance within the General fund when appropriations adopted for the subsequent year exceed the estimated revenues for that year. 2017 General fund appropriations of \$67,226 exceeded estimated receipts of \$61,697 by \$5,260 which should have been classified as assigned fund balance at December 31, 2016.
- The Ohio Township Handbook includes a list of numeric revenue codes which lists property tax allocation for homestead and rollback amounts as revenue code 535 under the financial report caption title of "intergovernmental". In 2016 and 2017, the Fiscal Officer recorded homestead and rollback amounts received from the State as revenue code 101, real property tax, which results in the amounts being reported under the financial report caption title of "property and other local taxes" instead of intergovernmental in the amounts of \$1,375 and \$2,730 in the General Fund, \$6,364 and \$12,558 in the Road and Bridge Fund, \$1,921 and \$4,447 in the Fire Levy Fund.
- In 2016 and 2017 the license tax revenues assessed by the Board of Trustees were recorded as revenue code 592 "intergovernmental revenue" instead of revenue code 104 "other local taxes" in the amounts of \$10,667 and \$10,530 in the Permissive Motor Vehicle License Tax Fund.

These errors were not identified and corrected prior to the Township preparing its financial statements due to deficiencies in the Township's internal controls over financial statement monitoring. Failing to prepare accurate financial reports could lead to the Board making misinformed decisions. The accompanying financial statements have been adjusted to correct material errors and unadjusted amounts were reported to management on the Summary of Identified Misstatements.

Sound financial reporting is the responsibility of Township Officials and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Township should adopt policies and procedures to identify and correct errors and omissions. Management can use Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements. In addition, the Fiscal Officer should refer to Ohio Township Handbook at the following [website address for information on accounting codes: https://ohioauditor.gov/publications/TownshipHandbook%203-12-18.pdf](https://ohioauditor.gov/publications/TownshipHandbook%203-12-18.pdf).

Officials' Response:

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

SUPERIOR TOWNSHIP
10668 STATE ROUTE 107, P.O. Box 228
MONTPELIER OH 43543-0228

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

Finding Number	Finding Summary	Status	Additional Information
2015-001	Material Weakness – Financial Reporting – Homestead and Rollback payments were classified as property taxes instead of intergovernmental receipts in the General, Road and Bridge and Fire Levy Funds.	Not Corrected and reissued as finding 2017-001 in this report.	Additional errors occurred were not detected. Management is aware and understands the importance of the information presented on the financial statements and will ensure revenues will be accurately identified and reported.
2015-002	Material Weakness – Fund Balance Classification – Appropriation Measures exceeded Estimated Receipts and was classified as unassigned which should've been recognized as assigned.	Not Corrected and reissued as finding 2017-001 in this report.	An additional error occurred which was not detected. Management is aware and understands the importance of the information presented on the financial statements and will ensure revenues will be accurately identified and reported.
2015-003	Material Weakness and Noncompliance with Ohio Rev. Code § 5705.10(C) – Levy proceeds were improperly posted to the wrong funds.	Corrective action was taken and finding is fully corrected.	



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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
NOVEMBER 20, 2018**