



OHIO AUDITOR OF STATE
KEITH FABER



**SILVERCREEK TOWNSHIP
GREENE COUNTY
DECEMBER 31, 2018 AND 2017**

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INDEPENDENT AUDITOR'S REPORT

Silvercreek Township
Greene County
3 North Sycamore Street
Jamestown, Ohio 45335

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 Silvercreek Township, Greene County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017.

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, 2018 and 2017, 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 the Silvercreek Township, Greene County as of December 31, 2018 and 2017, 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 January 13, 2020, 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

January 13, 2020

Silvercreek Township
Greene County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$142,635	\$250,089		\$392,724
Charges for Services		100,577		100,577
Licenses, Permits and Fees	12,223	35,199		47,422
Intergovernmental	51,061	153,641		204,702
Earnings on Investments	159	99	9	267
Miscellaneous	1,891	20,666		22,557
<i>Total Cash Receipts</i>	<u>207,969</u>	<u>560,271</u>	<u>9</u>	<u>768,249</u>
Cash Disbursements				
Current:				
General Government	154,238	1,422		155,660
Public Safety		210,282		210,282
Public Works		208,676		208,676
Health	5,448	19,340		24,788
Capital Outlay	9,215	98,658		107,873
Debt Service:				
Principal Retirement		69,270		69,270
Interest and Fiscal Charges		12,070		12,070
<i>Total Cash Disbursements</i>	<u>168,901</u>	<u>619,718</u>	<u>0</u>	<u>788,619</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>39,068</u>	<u>(59,447)</u>	<u>9</u>	<u>(20,370)</u>
Sale of Capital Assets		56,259		56,259
<i>Net Change in Fund Cash Balances</i>	<u>39,068</u>	<u>(3,188)</u>	<u>9</u>	<u>35,889</u>
<i>Fund Cash Balances, January 1</i>	<u>99,952</u>	<u>613,350</u>	<u>12,252</u>	<u>725,554</u>
Fund Cash Balances, December 31				
Nonspendable			500	500
Restricted		476,384	11,761	488,145
Committed		133,778		133,778
Assigned	139,020			139,020
Unassigned (Deficit)				0
<i>Fund Cash Balances, December 31</i>	<u>\$139,020</u>	<u>\$610,162</u>	<u>\$12,261</u>	<u>\$761,443</u>

See accompanying notes to the basic financial statements

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Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Silvercreek Township, Greene 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, fire protection and emergency medical services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in a public entity risk pool. Notes 6 and 10 to the financial statements provides 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 which is organized on a fund type basis.

Fund Accounting

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

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

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

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

Fire District Fund This fund receives property tax money for providing fire services, maintenance of equipment, and the purchase of new equipment.

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

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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 canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

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.

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$203,725	\$207,969	\$4,244
Special Revenue	596,816	616,530	19,714
Permanent	5	9	4
Total	<u>\$800,546</u>	<u>\$824,508</u>	<u>\$23,962</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$285,745	\$168,901	\$116,844
Special Revenue	1,184,100	619,718	564,382
Total	<u>\$1,469,845</u>	<u>\$788,619</u>	<u>\$681,226</u>

Note 4 – Deposits and Investments

The Township maintains a deposits 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:

	2018
Demand deposits	\$632,888
Certificates of deposit	120,209
Other time deposits (savings and NOW accounts)	8,346
Total deposits	<u>761,443</u>

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.

Investments

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

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The Township participates in group rating through Careworks Comp (formerly Frank Gates Service).

Risk Pool Membership

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. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 6 – Risk Management (continued)

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members’ Equity	<u>\$ 4,330,789</u>

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

The Township’s certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters’ wages, respectively. The Township has paid all contributions required through December 31, 2018.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year summary of 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 1.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Leases

The Township leases buildings, vehicles and other equipment under noncancelable leases. The Township disbursed \$81,340 to pay lease costs for the year ended December 31, 2018.

Amortization

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

Year Ending December 31:	Leases
2019	\$81,340
2020	73,600
2021	36,478
2022	36,478
2023	36,478
2024-2028	109,434
Total	<u><u>\$373,808</u></u>

Note 10 – Public Entity Risk Pool

The Township participates in the Ohio Plan Risk Management (the Plan). The Plan was organized in June 1988, as authorized by Section 2744.081 of the Ohio Revised Code. The Plan acts as an instrumentality for each member for the sole purpose of enabling members of the Plan to provide for formalized, jointly administered self-insurance programs to maintain adequate self-insurance protection, risk management programs and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the plan is deemed a separate legal entity for the public purpose of enabling it members to obtain self-insurance through a jointly administered self-insurance fund. Members of the Plan are political subdivisions such as townships, villages, cities, and others in the State of Ohio which are eligible to participate under applicable statute, ruling or law subject to certain underwriting standards as deemed appropriate by the Plan and its administrators. The Plan is governed by a Board of Directors comprised of appointed and elected representatives of public entities that participate in the program. See Note 6 for additional details.

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 11 – Subsequent Events

In March of 2019, the Township purchased a 2019 Bobcat Compact Track Loader through State Bid in the amount of \$39,348. This purchase was paid for through funds in the Gasoline Tax Fund, the Road Fund, and the Cemetery Fund because this piece of equipment will be used for both road work and in the cemeteries.

On March of 2019, the Township purchased a 2019 Dodge Durango Fire Chief's vehicle through State Bid in the amount of \$33,472. This vehicle will replace the Fire Chief's current command vehicle and was paid out of the Fire Fund.

During June 2019, the Township approved the purchase of new self-contained breathing apparatuses using a 5 year lease purchase option, total cost of \$90,863

During July 2019, the Ohio Public Works Commission awarded a grant to the Township in the amount of \$793,800 to be used for upgrades to the storm system, resurfacing, upgrading school zone lights and pavement markings, and other miscellaneous items.

Silvercreek Township
Greene County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$146,884	\$252,461		\$399,345
Charges for Services		88,401		88,401
Licenses, Permits and Fees	11,736	30,550		42,286
Intergovernmental	39,387	193,554		232,941
Earnings on Investments	151	83	9	243
Miscellaneous	704	16,939		17,643
<i>Total Cash Receipts</i>	<u>198,862</u>	<u>581,988</u>	<u>9</u>	<u>780,859</u>
Cash Disbursements				
Current:				
General Government	143,998	2,018		146,016
Public Safety		197,409		197,409
Public Works		182,206		182,206
Health	3,263	47,031		50,294
Capital Outlay	7,200	62,253		69,453
Debt Service:				
Principal Retirement		74,896		74,896
Interest and Fiscal Charges		6,444		6,444
<i>Total Cash Disbursements</i>	<u>154,461</u>	<u>572,257</u>	<u>0</u>	<u>726,718</u>
<i>Net Change in Fund Cash Balances</i>	<u>44,401</u>	<u>9,731</u>	<u>9</u>	<u>54,141</u>
<i>Fund Cash Balances, January 1</i>	<u>55,551</u>	<u>603,619</u>	<u>12,243</u>	<u>671,413</u>
Fund Cash Balances, December 31				
Nonspendable			500	500
Restricted		455,126	11,752	466,878
Committed		158,224		158,224
Assigned	82,476			82,476
Unassigned (Deficit)	17,476			17,476
<i>Fund Cash Balances, December 31</i>	<u>\$99,952</u>	<u>\$613,350</u>	<u>\$12,252</u>	<u>\$725,554</u>

See accompanying notes to the basic financial statements

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Silvercreek Township
Greene 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 the Silvercreek Township, Greene 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, fire protection and emergency medical services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in a public entity risk pool. Notes 6 and 10 to the financial statements provides 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 which is organized on a fund type basis.

Fund Accounting

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

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

Fire District Fund This fund receives property tax money for providing fire services, maintenance of equipment, and the purchase of new equipment.

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

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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 and Investments

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

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.

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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	\$195,823	\$198,862	\$3,039
Special Revenue	573,878	581,998	8,120
Permanent		9	9
Total	\$769,701	\$780,869	\$11,168

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$236,374	\$154,916	\$81,458
Special Revenue	1,145,923	573,808	572,115
Total	\$1,382,297	\$728,724	\$653,573

Note 4 – Deposits and Investments

The Township maintains a deposits 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:

	2017
Demand deposits	\$597,085
Certificates of deposit	120,124
Other time deposits (savings and NOW accounts)	8,345
Total deposits	725,554

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.

Investments

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

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The Township participates in group rating through Careworks Comp (formerly Frank Gates Service).

Risk Pool Membership

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.

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.

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 – Risk Management (continued)

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 Plans

Ohio Public Employees Retirement System

Some 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement System

The Township's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2017.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year summary of 2017. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Leases

The Township leases buildings, vehicles and other equipment under noncancelable leases. The Township disbursed \$81,340 to pay lease costs for the year ended December 31, 2017.

Amortization

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

Year Ending December 31:	Leases
2018	\$81,340
2019	81,340
2020	73,600
2021	36,478
2022	36,478
2023-2028	145,912
Total	<u>\$455,148</u>

Note 10 – Public Entity Risk Pool

The Township participates in the Ohio Plan Risk Management (the Plan). The Plan was organized in June 1988, as authorized by Section 2744.081 of the Ohio Revised Code. The Plan acts as an instrumentality for each member for the sole purpose of enabling members of the Plan to provide for formalized, jointly administered self-insurance programs to maintain adequate self-insurance protection, risk management programs and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the plan is deemed a separate legal entity for the public purpose of enabling it members to obtain self-insurance through a jointly administered self-insurance fund. Members of the Plan are political subdivisions such as townships, villages, cities, and others in the State of Ohio which are eligible to participate under applicable statute, ruling or law subject to certain underwriting standards as deemed appropriate by the Plan and its administrators. The Plan is governed by a Board of Directors comprised of appointed and elected representatives of public entities that participate in the program. See Note 6 for additional details.

Silvercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 11 – Subsequent Events

In March of 2019, the Township purchased a 2019 Bobcat Compact Track Loader through State Bid in the amount of \$39,348. This purchase was paid for through funds in the Gasoline Tax Fund, the Road Fund, and the Cemetery Fund because this piece of equipment will be used for both road work and in the cemeteries.

On March of 2019, the Township purchased a 2019 Dodge Durango Fire Chief's vehicle through State Bid in the amount of \$33,472. This vehicle will replace the Fire Chief's current command vehicle and was paid out of the Fire Fund.

During June 2019, the Township approved the purchase of new self-contained breathing apparatuses using a 5 year lease purchase option, total cost of \$90,863

During July 2019, the Ohio Public Works Commission awarded a grant to the Township in the amount of \$793,800 to be used for upgrades to the storm system, resurfacing, upgrading school zone lights and pavement markings, and other miscellaneous items.

OHIO AUDITOR OF STATE KEITH FABER



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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

Silvercreek Township
Greene County
3 North Sycamore Street
Jamestown, Ohio 45335

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 Silvercreek Township, Greene County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated January 13, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

January 13, 2020

**SILVERCREEK TOWNSHIP
GREENE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2018-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code §5705.10(I) states money paid into any fund shall be used only for the purposes for which such fund is established.

Due to lack of controls over proper allocation of expenditures, during 2018 and 2017, the Township paid health insurance expenses for its employees and elected officials from funds other than the funds that were used to pay for the salaries of these officials.

This resulted in the following variances between costs certified for payroll and costs charged towards health insurance costs for the year ended December 31, 2018:

Fund	Cost Based on Payroll Certification	Actual Cost Charged	Variance Overcharged/ (Undercharged)
General	\$10,873		(\$10,873)
Road and Bridge (Special Revenue)		\$3,873	3,873
Cemetery (Special Revenue)		7,000	7,000
Total	\$10,873	\$10,873	\$0

Similarly, the following variances between the costs certified for payroll and the costs charged towards health insurance for the year ended December 31, 2017:

Fund	Cost Based on Payroll Certification	Actual Cost Charged	Variance Overcharged/ (Undercharged)
General	\$8,068		(\$8,068)
Road and Bridge (Special Revenue)		\$4,592	4,592
Cemetery (Special Revenue)		3,476	3,476
Total	\$8,068	\$8,068	\$0

Adjustments were posted to the financial statements and the accounting system to correct these errors.

The Township should implement procedures to verify that benefits paid for employees are paid from the same restricted sources as the employee's wages. Further, the Township should implement procedures to verify that employees are being compensated from correct funds in accordance with their actual work performed. Failure to do so could result in the Township using restricted resources for unallowable purposes and finding for adjustments in future audits.

2. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS Compliance and Controls report.

FINDING NUMBER 2018-002

FINDING FOR RECOVERY REPAID UNDER AUDIT

Silvercreek Township Employee Handbook as adopted on May 7, 1997, provides for sick leave to be accumulated up to a maximum of 60 days (480 hours).

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose** states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

During 2017, Richard Tyree retired from the Township. At the time of his separation, Mr. Tyree had accumulated 535 hours of sick leave and 268 hours of vacation leave. Following is calculation of Mr. Tyree’s final payout and actual payments made:

Regular Hours Worked	72.0
Sick Leave up to Maximum Allowed	480.0
Vacation Leave	268.0
Total Hours for Payout	820.0
 Hourly Rate	 \$21.25
 Total Recalculated Payout	 \$17,425
 Total Actual Payout	\$18,607
 Overpayment	\$1,182

Richard Tyree was overpaid \$1,182 on his final payout from the Township.

In accordance with the forgoing facts, and pursuant to **Ohio Revised Code §117.28**, a finding for recovery for public money illegal expended in the amount of \$1,182 is hereby issued against Richard Tyree and in favor of the Silvercreek Township's Gasoline Tax fund.

On January 13, 2020, Fiscal Officer Melissa Smith wrote check number 6143 from her personal bank account in the amount of \$1,182 to repay the finding in full.

OHIO AUDITOR OF STATE KEITH FABER



SILVERCREEK TOWNSHIP

GREENE 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
FEBRUARY 20, 2020**