



**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**



**SPRING VALLEY TOWNSHIP  
GREENE COUNTY  
DECEMBER 31, 2020 AND 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT

Spring Valley Township  
Greene County  
2547 US Route 42 South  
Spring Valley, Ohio 45370

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Spring Valley Township, Greene County, Ohio (the Township).

### ***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, 2020 and 2019, 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 for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Township, 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.

***Emphasis of Matter***

As discussed in Note 14 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022, 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

December 9, 2022

**Spring Valley Township  
Greene County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2020**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$160,270	\$844,333	\$1,004,603
Charges for Services		52,334	52,334
Licenses, Permits and Fees	31,904	7,378	39,282
Intergovernmental	58,781	533,895	592,676
Earnings on Investments	1,015	330	1,345
Miscellaneous	92,068	150,129	242,197
<i>Total Cash Receipts</i>	<u>344,038</u>	<u>1,588,399</u>	<u>1,932,437</u>
<b>Cash Disbursements</b>			
Current:			
General Government	196,181	83,676	279,857
Public Safety		695,300	695,300
Public Works		341,436	341,436
Health	8,473	7,804	16,277
Human Services		109,871	109,871
Conservation-Recreation	42,027		42,027
Capital Outlay	5,441	69,010	74,451
<i>Total Cash Disbursements</i>	<u>252,122</u>	<u>1,307,097</u>	<u>1,559,219</u>
<i>Excess of Receipts Over Disbursements</i>	<u>91,916</u>	<u>281,302</u>	<u>373,218</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In		39,100	39,100
Advances Out	(39,100)		(39,100)
Other Financing Uses	(855)		(855)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(39,955)</u>	<u>39,100</u>	<u>(855)</u>
<i>Net Change in Fund Cash Balances</i>	51,961	320,402	372,363
<i>Fund Cash Balances, January 1</i>	<u>101,436</u>	<u>818,300</u>	<u>919,736</u>
<i>Fund Cash Balances, December 31</i>	<u>\$153,397</u>	<u>\$1,138,702</u>	<u>\$1,292,099</u>

See accompanying notes to the financial statements

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**SPRING VALLEY TOWNSHIP  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. REPORTING ENTITY

A. Description of the Entity

The Township of Spring Valley, Greene County, Ohio, is a body politic and corporate established in 1856 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, senior center services, and fire and EMS coverage. Police protection is provided by the Greene County Sheriff's Office.

The reporting entity is comprised of the primary government. The Township participates in a public entity risk pool. Note 9 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Basis

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

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

B. Deposits

The Township has only depository bank accounts.

C. 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:

1. 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.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purpose other than debt service or capital projects. The Township has the following significant special revenue funds.

Permissive Motor Vehicle License Tax Fund – This fund receives motor permissive tax money for construction, maintaining and repairing Township roads.

Gasoline Tax Fund – This fund receives money from gasoline tax for construction, maintaining and repairing Township roads.

Road and Bridge Fund – This fund receives property tax revenues to support the general construction, reconstruction, and resurfacing and repairs of roads and bridges.

Cemetery Fund – This fund receives money from the sales of burial sites, opening and closing of graves, and foundation orders for the purpose of providing a benefit to the community, including maintenance and repairs and general operation of a cemetery.

Police District Fund – This fund receives property tax money to support the cost of police protection within the Township.

Fire District Fund – This fund receives property tax money to provide fire and EMS services to the Township and Village residents.

Senior Citizens Levy Fund – This fund receives property tax money to support the senior center located within the Township.

Miscellaneous Special Revenue Fund – This fund receives money from the SAFER Grant to hire more fire department staff to cover all calls. The grant is for 3 years.

Coronavirus Relief Fund – This fund receives money related to the CARES Act. These funds are restricted for necessary expenditures incurred due to the public health emergency with respect to the coronavirus disease.

EMS Fund – This fund receives charges for services from non-residents to cover ambulance services.

D. Budgetary Process

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

1. Appropriations

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

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2020 budgetary activity appears in Note 4.

E. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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.

F. 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.

G. 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.

3. DEPOSITS

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2020
Demand deposits	\$1,292,099
Total deposits	\$1,292,099

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.

4. BUDGETARY ACTIVITY

Budgetary activity for the year ending 2020 follows:

<u>Fund Type</u>	<u>2020 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$232,975	\$344,038	\$111,063
Special Revenue	1,585,961	1,627,499	41,538
Total	\$1,818,936	\$1,971,537	\$152,601

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$302,927	\$292,598	\$10,329
Special Revenue	2,010,108	1,310,274	699,834
Total	\$2,313,035	\$1,602,872	\$710,163

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

6. DEBT

**Leases**

Lease obligations outstanding at December 31, 2020, were as follows:

	Principal	Interest Rate
2018 Western Star Lease Purchase	\$48,660	5.70%
2019 Western Star Lease Purchase	99,965	3.70%
Total	\$148,625	

In August 2016, the Township entered into a lease purchase agreement for a loader backhoe. The original amount of the lease was \$83,418 and the term of the lease was 4 years. This lease was paid in full during 2020 with principal and interest payments totaling \$13,520. The payment was made from the Road and Bridge Fund.

In December 2016, the Township entered into a lease purchase agreement for portable radios. The original amount of the lease was \$49,660 and the term of the lease was for 4 years. This lease was paid in full during 2020 with principal and interest payments totaling \$10,684. The payment was made from the Fire District Fund.

In December 2018, the Township entered into a lease purchase agreement for a 2018 Western Star truck. The original amount of the lease was \$118,644 and the term of the lease was for 4 years. An annual principal and interest payment in the total amount of \$26,430 was made in 2020. The payment was made from the Gasoline Tax Fund.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

In May 2020, the Township entered into a lease purchase agreement for a 2019 Western Star truck. The original amount of the lease was \$126,993 and the term of the lease was for 4 years. An annual principal and interest payment in the total amount of \$27,434 was made in 2020. The payment was made from the Road and Bridge Fund.

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

Year Ending December 31:	Leases
2021	53,864
2022	53,864
2023	27,434
2024	27,434
Total	<u>\$162,596</u>

**7. DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

Some Township 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, 2020.

***Ohio Police and Fire Retirement System***

Township 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. The Township has paid all contributions required through December 31, 2020.

***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, 2020.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

9. RISK MANAGEMENT

***Workers' Compensation***

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.

***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, 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. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. 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. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	( 13,530,267)
Members' Equity	<u>\$ 5,296,707</u>

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

**10. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**11. INTERFUND BALANCES**

Outstanding advances at December 31, 2020 consisted of \$39,100 advanced from the general fund to the miscellaneous special revenue fund related to the SAFER grant.

**12. FUND BALANCES**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$521	\$3,177	\$3,698
Total	<u>\$521</u>	<u>\$3,177</u>	<u>\$3,698</u>

The fund balance of special revenue funds is restricted. These restricted amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**13. SUBSEQUENT EVENTS**

The Fire Department received a federal grant for the purchase of new radios in the amount of \$180,198. Twenty-six portable and 9 mobile radio units were purchased. The Township's portion of the cost was \$8,581.



**SPRING VALLEY TOWNSHIP  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

14. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**Spring Valley Township  
Greene County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$147,910	\$670,639	\$818,549
Charges for Services		59,010	59,010
Licenses, Permits and Fees	19,101	18,326	37,427
Intergovernmental	75,196	251,905	327,101
Earnings on Investments	4,142	948	5,090
Miscellaneous	214	65,955	66,169
<i>Total Cash Receipts</i>	<u>246,563</u>	<u>1,066,783</u>	<u>1,313,346</u>
<b>Cash Disbursements</b>			
Current:			
General Government	201,500	79,689	281,189
Public Safety		429,281	429,281
Public Works		524,633	524,633
Health	4,700	9,072	13,772
Conservation-Recreation	35,741		35,741
Capital Outlay	5,000	98,003	103,003
<i>Total Cash Disbursements</i>	<u>246,941</u>	<u>1,140,678</u>	<u>1,387,619</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(378)</u>	<u>(73,895)</u>	<u>(74,273)</u>
<i>Fund Cash Balances, January 1</i>	<u>101,814</u>	<u>892,195</u>	<u>994,009</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		818,300	818,300
Assigned	69,505		69,505
Unassigned	31,931		31,931
<i>Fund Cash Balances, December 31</i>	<u><u>\$101,436</u></u>	<u><u>\$818,300</u></u>	<u><u>\$919,736</u></u>

See accompanying notes to the financial statements

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**SPRING VALLEY TOWNSHIP  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. REPORTING ENTITY

Description of the Entity

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Basis

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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. 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.

B. Deposits

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C. Fund Accounting

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1. 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.

**SPRING VALLEY TOWNSHIP  
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2. Special Revenue Funds

These funds account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purpose other than debt service or capital projects. The Township has the following significant special revenue funds.

Permissive Motor Vehicle License Tax Fund – This fund receives permissive tax money for construction, maintaining and repairing Township roads.

Gasoline Tax Fund – This fund receives money from gasoline tax for construction, maintaining and repairing Township roads.

Road and Bridge Fund – This fund receives property tax revenues to support the general construction, reconstruction, and resurfacing and repair of roads and bridges.

Cemetery Fund – This fund receives money from the sales of burial sites, opening and closing of graves, and foundation orders for the purpose of providing a benefit to the community, including maintenance and repairs and general operation of a cemetery.

Police District Fund – This fund receives property tax money to support the cost of police protection within the Township.

Fire District Fund – This fund receives property tax money to provide fire and EMS services to the Township and Village residents.

Senior Citizens Levy Fund – This fund receives property tax money to support the senior center located within the Township.

EMS Fund – This fund receives charges for services from non-residents to cover ambulance services.

D. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

**SPRING VALLEY TOWNSHIP  
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A summary of 2019 budgetary activity appears in Note 4.

**E. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

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

**F. 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.

**SPRING VALLEY TOWNSHIP  
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FOR THE YEAR ENDED DECEMBER 31, 2019**

G. 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.

3. DEPOSITS

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2019
Demand deposits	\$919,736
Total deposits	\$919,736

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 the qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$199,118	\$246,563	\$47,445
Special Revenue	904,905	1,066,783	161,878
Total	\$1,104,023	\$1,313,346	\$209,323

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$321,229	\$247,387	\$73,842
Special Revenue	1,629,099	1,141,567	487,532
Total	\$1,950,328	\$1,388,954	\$561,374



**SPRING VALLEY TOWNSHIP  
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FOR THE YEAR ENDED DECEMBER 31, 2019**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

6. DEBT

**Leases**

Lease obligations outstanding at December 31, 2019, were as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Portable Radios Lease Purchase	\$10,294	3.79%
Western Star Lease Purchase	\$71,041	5.70%
Backhoe Lease Purchase	13,231	3.25%
Total	<u>\$94,566</u>	

In February 2015, the Township entered into a lease agreement for the purchase of nine self-contained breathing apparatus (SCBA). The original amount of the lease was \$42,835 and the term of the lease was for 5 years. This lease was paid in full during 2019 with principal and interest payments totaling \$9,502. Payments were made from the general and fire district funds.

In August 2016, the Township entered into a lease purchase agreement for a loader backhoe. The original amount of the lease was \$83,418 and the term of the lease was for 4 years. An annual principal and interest payment in the total amount of \$13,520 was made in 2019. The payment was made from the road and bridge fund.

In December 2016, the Township entered into a lease purchase agreement for portable radios. The original amount of the lease was \$49,660 and the term of the lease was for 4 years. An annual principal and interest payment in the total amount of \$10,684 was made in 2019. The payment was made from the fire district fund.

In December 2018, the Township entered into a lease purchase agreement for a 2018 Western Star truck. The original amount of the lease was \$118,644 and the term of the lease was for 4 years. An annual principal and interest payment in the total amount of \$26,430 was made in 2019. The payment was made from the gasoline tax fund.

**SPRING VALLEY TOWNSHIP  
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Amortization of the above lease obligations, including interest, is scheduled as follows:

Year Ending December 31:	Leases
2020	\$50,635
2021	26,430
2022	26,430
Total	<u>\$103,495</u>

**7. DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

Some Township 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, 2019.

***Ohio Police and Fire Retirement System***

Township 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. The Township has paid all contributions required through December 31, 2019.

***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, 2019.

**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 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

**SPRING VALLEY TOWNSHIP  
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Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

9. RISK MANAGEMENT

***Workers' Compensation***

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.

***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, 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. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. 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. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>( 11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

10. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**SPRING VALLEY TOWNSHIP  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

11. SUBSEQUENT EVENTS

The Township Fire Department received the Safer Grant for three years to help with paid employees. The new positions will begin March of 2020.

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Spring Valley Township  
Greene County  
2547 US Route 42 South  
Spring Valley, Ohio 45370

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 for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Spring Valley Township, Greene County, (the Township) and have issued our report thereon dated December 9, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township.

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

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 a 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. We consider finding 2020-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2020-002 described in the accompanying schedule of findings to be a significant deficiency.

***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 financial statements. 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 9, 2022

**SPRING VALLEY TOWNSHIP  
GREENE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Weakness – Adjusted Financial Statement Errors**

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

The following errors were identified and resulted in adjustment to the Township's 2019 financial statements:

- A Walton Park grant receipt received from Greene County in the amount of \$20,000 was incorrectly recorded, resulting in an overstatement of licenses, permits and fees receipts and an understatement of intergovernmental receipts in the general fund.
- Property tax receipts in the amount of \$2,243 were incorrectly recorded, resulting in an overstatement of intergovernmental receipts and cash fund balance in the road and bridge fund and an understatement of property and other local tax receipts and cash fund balance in the police district fund. Both funds are special revenue funds. This error has been corrected in the Township's accounting system.
- County-levied and Township-levied permissive motor vehicle license taxes were recorded incorrectly. This resulted in an overstatement of intergovernmental revenue and fund cash balance in the amount of \$7,635 in the motor vehicle license tax fund (special revenue fund). This error also resulted in an understatement of property and other local taxes receipts in the amount of \$3,323, an understatement of intergovernmental receipts of \$4,312, and an understatement of fund cash balance in the amount of \$7,635 in the permissive motor vehicle license tax fund (special revenue fund). This error has been corrected in the Township's accounting system.
- The Township incorrectly recorded two miscellaneous receipts resulting in an overstatement of special item receipts and an understatement of miscellaneous receipts in the amount of \$5,834 in the special revenue fund.
- The Township incorrectly recorded a credit received from the bank that related to a bank error, and this resulted in an overstatement of extraordinary item receipts and an understatement of miscellaneous receipts in the amount of \$26,430 in the special revenue fund.

The following errors were identified and resulted in adjustment to the Township's 2020 financial statements:

- County-levied and Township-levied permissive motor vehicle license taxes were recorded incorrectly. This resulted in an overstatement of intergovernmental revenue and fund cash balance in the amount of \$4,795 in the motor vehicle license tax fund (special revenue fund). This error also resulted in an understatement of property and other local taxes receipts in the amount of \$2,088, an understatement of intergovernmental receipts of \$2,707, and an understatement of fund cash balance in the amount of \$4,795 in the permissive motor vehicle license tax fund (special revenue fund). This error has been corrected in the Township's accounting system.

**FINDING NUMBER 2020-001  
(Continued)**

- Bureau of Worker's Compensation (BWC) rebates were not properly recorded and were not allocated to the proper funds, in accordance with Auditor of State Bulletin 2020-007. This resulted in an overstatement of intergovernmental receipts in the amount of \$101,545, an overstatement of fund cash balance in the amount of \$9,503, and an understatement of miscellaneous receipts in the amount of \$92,042 in the general fund. In addition, this error resulted in an overstatement of intergovernmental receipts in the amount of \$10,777, an understatement of fund cash balance in the amount of \$2,144, and an understatement of miscellaneous receipts in the amount of \$12,921 in the road and bridge fund (special revenue). Also, this error resulted in an overstatement of intergovernmental receipts in the amount of \$4,834, an understatement in fund cash balance in the amount of \$7,359, and an understatement of miscellaneous receipts in the amount of \$12,193 in the fire district fund (special revenue fund). This error has been corrected in the Township's accounting system.
- The Township incorrectly recorded two miscellaneous receipts resulting in an overstatement of special item receipts and an understatement of miscellaneous receipts in the amount of \$1,085 in the special revenue fund.

The above errors occurred when posting transactions to the accounting system. Failure to properly record financial activity could lead to materially misstated financial statements and users of the financial statements basing their conclusions on incorrect information.

The Township should establish and implement procedures to verify that all financial activity is recorded correctly.

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

**FINDING NUMBER 2020-002**

**Significant Deficiency – Bank Reconciliations**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

The Township completed monthly bank reconciliations throughout the audit period; however, there were various issues with reconciling items that were included on the December 31, 2020 bank reconciliation as follows:

- There was a deposit in transit in the amount of \$17,000; however, only \$7,000 was a true deposit in transit and the remaining \$10,000 was related to reimbursement grant revenue that the Township was expecting to receive, but had not received at December 31, 2020.



**FINDING NUMBER 2020-002  
(Continued)**

- An expected electronic payment to the Internal Revenue Service (IRS) was issued in the accounting system in April 2020 in the amount of \$3,546, but the actual payment was not actually made through the Township's bank account at any time during 2020. The Township carried this as an outstanding payment on the monthly bank reconciliation beginning in April 2020 and into 2021 and did not attempt to rectify this matter.
- An expected electronic payment to a vendor was issued in the accounting system in April 2020 in the amount of \$37, but the actual payment was not actually made through the Township's bank account at any time during 2020. The Township carried this as an outstanding payment on the monthly bank reconciliation beginning in April 2020 and into 2021 and the Township did not attempt to rectify this matter.
- The Township overpaid federal withholdings and remittances to the IRS in the amount of \$3,453 in April 2020 and the payment was not entered into the Township's accounting system at any time during 2020 and the transaction was carried as a reconciling item beginning in April 2020 and into 2021 and the Township did not attempt to rectify this matter.
- There was a \$100 bank error in June 2020 and the bank error was carried as a reconciling item from June 2020 and into 2021 and the Township did not attempt to rectify this matter.

These issues were caused by the Township's lack of action to correct unusual and recurring reconciling items.

Failure to properly reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected in a timely manner. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

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

**2. OTHER – FINDINGS FOR RECOVERY**

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS report.

**FINDING NUMBER 2020-003**

**Finding for Recovery – Repaid Under Audit**

The Township made numerous late payments for obligations incurred during 2020 and 2019. As a result, in 62 identified instances, the Township was assessed and paid a late fee and/or finance charge due to the related late payment.

**FINDING NUMBER 2020-003**  
**(Continued)**

**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 "proper public purpose" rests with the governmental entity, unless such determination is arbitrary or unreasonable. Further, Auditor of State Bulletin 2003-005 states, in part, that governmental entities may not make expenditures of public monies unless they are for a valid public purpose and the Auditor of State's Office will only question expenditures where the legislative determination of a proper public purpose is manifestly arbitrary and incorrect.

During 2020 and 2019, the Township paid \$414 in identified late fees and finance charges to various vendors. In addition, another late fee that was actually incurred during 2020 was paid by the Township in 2021 in the amount of \$264. Late fees/penalties and related finance charges are unnecessary expenditures which do not serve a proper public purpose. The late fees and finance charges were a result of a lack of controls related to the timely payment of Township obligations.

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public monies illegally expended is hereby issued against Kitty Crockett, Fiscal Officer, in the amount of \$678, and in favor of the Township's general fund.

Repayment was made via check on December 28, 2022, in the amount of \$678. This amount was deposited and recorded to the Township's general fund on December 29, 2022.

The Township should establish and implement procedures to verify that all obligations are paid in a timely manner as to avoid any late fees and penalties.

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

**FINDING NUMBER 2020-004**

**Finding for Recovery – Repaid Under Audit**

The Township's Board of Trustees approved a 2 percent increase for the Township's road employee wages for the year 2017 with resolution RC-12-97-16. However, the Township incorrectly increased road employee wages in the Township's payroll accounting system by 3 percent rather than the 2 percent approved by the Board of Trustees in 2017. The Township then approved a \$.50 per hour raise for 2018, a \$.75 per hour raise for 2019, and a \$.60 per hour raise for 2020 via resolutions RC-12-128-17, RC-12-127-18, and RC-12-133-19, respectively. This resulted in road employee Patrick Mahaffey being overpaid for hours worked during 2019 in the amount of \$273 and \$274 during 2020 for a total of \$547. Payment of employees above the amount approved by the Board of Trustees constitutes an illegal expenditure of public monies. The payment of employees in excess of the approved amount is a result of a lack of controls related to the authorization and monitoring of payroll rates.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public monies illegally expended is hereby issued against Patrick Mahaffey in the amount of \$547 and in favor of Spring Valley Township's road and bridge fund.

Repayment was made via check on December 28, 2022, in the amount of \$547. This amount was deposited and recorded to the Township's road and bridge fund on December 29, 2022.

**FINDING NUMBER 2020-004  
(Continued)**

The Township should establish and implement procedures to ensure employee pay rates are based on the Trustee-approved hourly rates. Any change in hourly pay rates should be approved and clearly documented in the minutes.

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

**FINDING NUMBER 2020-005**

**Finding for Recovery – Repaid Under Audit**

The Township's Board of Trustees approved a 2 percent increase for the Township's road employee wages for the year 2017 with resolution RC-12-97-16. However, the Township incorrectly increased road employee wages in the Township's payroll accounting system by 3 percent rather than the 2 percent approved by the Board of Trustees in 2017. The Township then approved a \$.50 per hour raise for 2018, a \$.75 per hour raise for 2019, and then the Board approved a set hourly rate beginning in July 2019 via resolutions RC-12-128-17, RC-12-127-18, and RC-07-70-19, respectively. This resulted in road employee Robert Mumford being overpaid for hours worked during 2019 in the amount of \$259. Payment of employees above the amount approved by the Board of Trustees constitutes an illegal expenditure of public monies. The payment of employees in excess of the approved amount is a result of a lack of controls related to the authorization and monitoring of payroll rates.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public monies illegally expended is hereby issued against Robert Mumford in the amount of \$259 and in favor of Spring Valley Township's road and bridge fund.

Repayment was made via check on December 28, 2022, in the amount of \$259. This amount was deposited and recorded to the Township's road and bridge fund on December 29, 2022.

The Township should establish and implement procedures to ensure employee pay rates are based on the Trustee-approved hourly rates. Any change in hourly pay rates should be approved and clearly documented in the minutes.

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

**FINDING NUMBER 2020-006**

**Finding for Recovery – Repaid Under Audit**

The Township's Board of Trustees approved a 2 percent increase for the Township's road employee wages for the year 2017 with resolution RC-12-97-16. However, the Township incorrectly increased road employee wages in the Township's payroll accounting system by 3 percent rather than the 2 percent approved by the Board of Trustees in 2017. The Township then approved a \$.50 per hour raise for 2018 and a \$.75 per hour raise for 2019 via resolutions RC-12-128-17 and RC-12-127-18, respectively. This resulted in road employee Jerry Miller being overpaid for hours worked during 2019 in the amount of \$384.

**FINDING NUMBER 2020-006**  
**(Continued)**

In addition, on March 18, 2019, the employee notified the Township's Board of Trustees of his retirement effective November 1, 2019. The Township's personnel policies and procedures manual section 8.2 states that "accumulated compensatory time during one pay period must be used the year it is accrued unless permission is given by the Board of Trustees to use it in the following year." The Township's personnel policies and procedures manual does not provide for payment of compensatory time at separation of employment. However, the Township's severance payment to the employee included a payment for 10 hours of compensatory time for an amount of \$223. The Township's personnel policies and procedures manual section 11.1.2 states, in part, at retirement, employees may elect to be paid in cash for twenty five percent of their accrued sick leave up to a maximum of 1/4 of one hundred twenty days or thirty days. The employee's sick leave balance at separation of employment was 119.44 hours, which should have resulted in a sick leave payout of 29.86 hours. Instead, the employee's severance payment included a payout of 120 sick leave hours, resulting in an overpayment amount of \$2,014 related to sick leave. As described in the first paragraph above, the employee was also paid out for these leave balances at an incorrect hourly rate, resulting in an additional amount of \$54. This resulted in an overpayment of severance in the total amount of \$2,291. Payment of employees above the amount approved by the Board of Trustees constitutes an illegal expenditure of public monies. The payment of employees in excess of the approved amount is a result of a lack of controls related to the authorization and monitoring of payroll rates and severance.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public monies illegally expended is hereby issued against Jerry Miller in the amount of \$2,675 and in favor of Spring Valley Township's road and bridge fund.

Repayment was made via check on December 15, 2022, in the amount of \$2,675. This amount was deposited and recorded to the Township's road and bridge fund on December 21, 2022.

The Township should establish and implement procedures to ensure employee pay rates are based on the Trustee-approved hourly rates. Any change in hourly pay rates should be approved and clearly documented in the minutes. The Township should also establish and implement procedures to verify that severance calculation payments are accurate, properly supported, and in accordance with the Township's personnel policies and procedures manual.

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

**FINDING NUMBER 2020-007**

**Finding for Recovery – Repaid Under Audit**

**2012 Ohio Op. Atty. Gen. No. 2012-027** states "R.C. 505.60(D) does not authorize a board of township trustees to reimburse a township officer or employee for out-of-pocket premiums attributable to health care insurance coverage for the officer or employee's immediate dependents that the officer or employee obtains other than from the township."

Township employee Robert Mumford was on the Township-procured health insurance plan. However, his spouse, Vicky Mumford, was not on the Township-procured health insurance plan. For January 2020 through September 2020, the Township paid premiums for prescription drug coverage on behalf of Vicky Mumford in an amount totaling \$128. Also, for December 2019 through December 2020, the Township paid premiums for a medicare supplemental plan on behalf of Vicky Mumford in an amount totaling \$1,601. Since these health insurance payments were for an employee's spouse, after the non-employee spouse opted not to participate in the Township's health insurance plan, the payments are not permissible under R.C. 505.60(D). Payment for such an expenditure constitutes an illegal expenditure of public monies and is a result of a lack of controls related to the Township's payment of health insurance costs.

**FINDING NUMBER 2020-007  
(Continued)**

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public monies illegally expended is hereby issued against Vicky Mumford, spouse of Township employee Robert Mumford, in the amount of \$1,729, and in favor of the Township's road and bridge fund.

Repayment was made via check on December 28, 2022, in the amount of \$1,729. This amount was deposited and recorded to the Township's road and bridge fund on December 29, 2022.

The Township should establish and implement procedures to verify that all insurance coverage payments are appropriate and allowable.

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

**FINDING NUMBER 2020-008**

**Finding for Recovery – Repaid Under Audit**

**2012 Ohio Op. Atty. Gen. No. 2012-027** states "R.C. 505.60(D) does not authorize a board of township trustees to reimburse a township officer or employee for out-of-pocket premiums attributable to health care insurance coverage for the officer or employee's immediate dependents that the officer or employee obtains other than from the township."

Fiscal Officer Kitty Crockett was on the Township-procured health insurance plan. However, her spouse, Ronald Crockett, was not on the Township-procured health insurance plan. For January 2019 through April 2019, the Township paid premiums for a Medicare supplemental plan on behalf of Ronald Crockett in an amount totaling \$730. Also, for January 2019 through June 2019, the Township reimbursed Kitty Crockett for Medicare premiums paid on behalf of Ronald Crockett in an amount totaling \$670. Lastly, for January 2019 through April 2019, the Township paid premiums for an unknown coverage on behalf of Ronald Crockett in an amount totaling \$110. Since these health insurance payments were for an official's spouse, after the non-official spouse opted not to participate in the Township's health insurance plan, the payments are not permissible under R.C. 505.60(D). Payment for such an expenditure constitutes an illegal expenditure of public monies and is a result of a lack of controls related to the Township's payment of health insurance costs.

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public monies illegally expended is hereby issued against Kitty Crockett, Fiscal Officer, in the amount of \$1,510, and in favor of the Township's general fund.

Repayment was made via check on December 28, 2022, in the amount of \$1,510. This amount was deposited and recorded to the Township's general fund on December 29, 2022.

The Township should establish and implement procedures to verify that all insurance coverage payments and reimbursements are appropriate and allowable.

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

**FINDING NUMBER 2020-009**

**Finding for Recovery – Repaid Under Audit**

Township Trustee John DeWine declined health insurance coverage provided via the Township-procured health insurance program and instead chose to be reimbursed for Medicare premiums. The monthly reimbursement amount was \$134. However, in three instances during 2020 (August, September, and December), Trustee DeWine was reimbursed twice for the applicable monthly Medicare premium. This resulted in unallowable reimbursements being paid to Trustee DeWine in 2020 in the total amount of \$402. This was a result of a lack of controls related to the reimbursement of health insurance premiums.

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public monies illegally expended is hereby issued against John DeWine, Trustee, in the amount of \$402, and in favor of the Township's general fund.

Repayment was made via check on December 28, 2022, in the amount of \$402. This amount was deposited and recorded to the Township's general fund on December 29, 2022.

The Township should establish and implement procedures to verify that controls over expenditures are adequate to prohibit and/or identify any potential duplicate health insurance premium reimbursements.

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

# OHIO AUDITOR OF STATE KEITH FABER



**SPRING VALLEY TOWNSHIP**

**GREENE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 1/31/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)