



Dave Yost • Auditor of State

**TOWNSHIP
MIAMI COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Springcreek Township
Miami County
7730 North Union-Shelby Road
Piqua, Ohio 45356

To the Board of Trustees:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position 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 combined cash balances of Washington Township, Miami County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2014 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 30, 2014

**SPRINGCREEK TOWNSHIP
MIAMI COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$139,092	\$66,274	\$205,366
Charges for Services		32,893	32,893
Intergovernmental	49,133	113,729	162,862
Special Assessments		3,906	3,906
Earnings on Investments	510	340	850
Miscellaneous	535		535
Total Cash Receipts	<u>189,270</u>	<u>217,142</u>	<u>406,412</u>
Cash Disbursements:			
Current:			
General Government	126,686		126,686
Public Safety	53,482	87,038	140,520
Public Works		104,675	104,675
Health	10,390		10,390
Capital Outlay	11,141		11,141
Total Cash Disbursements	<u>201,699</u>	<u>191,713</u>	<u>393,412</u>
Excess of Receipts Over (Under) Disbursements	<u>(12,429)</u>	<u>25,429</u>	<u>13,000</u>
Other Financing Receipts (Disbursements):			
Sale of Capital Assets	41		41
Other Financing Sources	9		9
Total Other Financing Receipts (Disbursements)	<u>50</u>		<u>50</u>
Net Change in Fund Cash Balances	(12,379)	25,429	13,050
Fund Cash Balances, January 1	<u>187,789</u>	<u>512,914</u>	<u>700,703</u>
Fund Cash Balances, December 31:			
Restricted		538,343	538,343
Assigned	175,410		175,410
Fund Cash Balances, December 31	<u>\$175,410</u>	<u>\$538,343</u>	<u>\$713,753</u>

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

**SPRINGCREEK TOWNSHIP
MIAMI COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$143,469	\$67,744	\$211,213
Charges for Services		44,617	44,617
Intergovernmental	58,957	102,936	161,893
Special Assessments		6,020	6,020
Earnings on Investments	610	407	1,017
Total Cash Receipts	<u>203,036</u>	<u>221,724</u>	<u>424,760</u>
Cash Disbursements:			
Current:			
General Government	161,170		161,170
Public Safety	107,000	23,038	130,038
Public Works	1,992	123,894	125,886
Capital Outlay	1,186	4,537	5,723
Total Cash Disbursements	<u>271,348</u>	<u>151,469</u>	<u>422,817</u>
Excess of Receipts Over (Under) Disbursements	<u>(68,312)</u>	<u>70,255</u>	<u>1,943</u>
Other Financing Receipts (Disbursements):			
Other Financing Sources	447	700	1,147
Total Other Financing Receipts (Disbursements)	<u>447</u>	<u>700</u>	<u>1,147</u>
Net Change in Fund Cash Balances	(67,865)	70,955	3,090
Fund Cash Balances, January 1	<u>255,654</u>	<u>441,959</u>	<u>697,613</u>
Fund Cash Balances, December 31:			
Restricted		512,914	512,914
Assigned	187,789		187,789
Fund Cash Balances, December 31	<u>\$187,789</u>	<u>\$512,914</u>	<u>\$700,703</u>

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

**SPRINGCREEK TOWNSHIP
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Springcreek Township, Miami County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City of Piqua to provide fire services and ambulance services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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

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

Fire Levy Fund - This fund receives property tax money for fire services for Township residents.

**SPRINGCREEK TOWNSHIP
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

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 re-appropriated.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Non-spendable

The Township classifies assets as *non-spendable* 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.

**SPRINGCREEK TOWNSHIP
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2013</u>	<u>2012</u>
Demand deposits	<u>\$713,753</u>	<u>\$700,703</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$193,494	\$189,320	(\$4,174)
Special Revenue	224,949	217,142	(7,807)
Total	<u>\$418,443</u>	<u>\$406,462</u>	<u>(\$11,981)</u>

**SPRINGCREEK TOWNSHIP
MIAMI COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$379,758	\$235,628	\$144,130
Special Revenue	699,097	276,973	422,124
Total	<u>\$1,078,855</u>	<u>\$512,601</u>	<u>\$566,254</u>

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$207,494	\$203,483	(\$4,011)
Special Revenue	213,503	222,424	8,921
Total	<u>\$420,997</u>	<u>\$425,907</u>	<u>\$4,910</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$463,579	\$271,854	\$191,725
Special Revenue	637,593	151,469	486,124
Total	<u>\$1,101,172</u>	<u>\$423,323</u>	<u>\$677,849</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

5. RETIREMENT SYSTEMS

The Township's officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS participants contributed 10% of their wages while the Township contributed to OPERS an amount equal to 14% of the officials' wages. The Township has paid all contributions required through December 31, 2014.

**SPRINGCREEK TOWNSHIP
MIAMI COUNTY**

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

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

7. NONCOMPLIANCE

The Township did not comply with requirements regarding posting receipts to a Special Revenue Fund and maintaining accurate financial records.

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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

Springcreek Township
Miami County
7730 North Union-Shelby Road
Piqua, Ohio 45356

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Springcreek Township, Miami County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated October 30, 2014 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 2013-003 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 2013-001 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 determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as Finding Numbers 2013-002 and 2013-003.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

October 30, 2014

**SPRINCREEK TOWNSHIP
MIAMI COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Significant Deficiency – Bank Reconciliations

Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between the bank and the books provide a reasonable assurance that all receipts and expenditures have been correctly posted on the entity's books and have been correctly posted by the bank. Additionally, monthly reconciliations provide the Township with a picture of the Township's financial position at month end.

The Township did not prepare any bank reconciliations from January 2013 through October 2013, and the December 31, 2013 bank reconciliation noted a variance of \$4,256 between the book balance and the bank balance, which was listed as "deflating bank errors". The book balance was greater than the bank balance. The variance was reviewed during the audit, and it was determined that the majority of the variance was due to the June 27, 2013 gas tax receipt in the amount of \$4,564 that was erroneously posted twice to the Township's accounting records. An audit adjustment has been made to reduce Gas Tax Fund intergovernmental receipts and December 31, 2013 cash balances. This resulted in a remaining unknown variance of \$308, with the bank balance greater than the book balance.

Additionally, the December 31, 2012 bank reconciliation included reconciling items for February 2012 payroll checks for the elected officials totaling \$3,046. These checks were erroneously duplicated, and only one was issued to each official for payment. The Township did not void or remove the checks from the check register until 2013. As a result, there were no reconciling differences at December 31, 2013, but December 31, 2012 cash balances were understated by \$3,046. An audit adjustment has been made to correct this difference.

The fiscal officer should perform monthly bank reconciliations and verify that supporting documentation for reconciling items is maintained to provide that the financial activity of the Township is properly accounted for and reported. Failure to do so could result in management using the incorrect cash balance as a basis for their decisions and bank errors going unnoticed. Additionally, independent detailed reviews should be performed of these reconciliations as means of providing for their accuracy.

Officials' Response:

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

FINDING NUMBER 2013-002

Noncompliance Citation

Ohio Rev. Code Section 5705.10(D) states, in part, that except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Township recorded special assessment cash receipts and disbursements from the street lighting special assessments in the amounts of \$3,906 and \$2,460 in 2013, and \$6,020 and \$2,533 in 2012, into the General Fund instead of into a separate special revenue fund. Adjustments have been made to the accompanying financial statements and the Township's accounting ledgers.

FINDING NUMBER 2013-002
(Continued)

The Township should implement procedures to verify that all revenues are properly recorded into the correct fund classification. Failure to do so could result in material misstatements of the financial statements and improper use of restricted receipts.

Officials' Response:

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

FINDING NUMBER 2013-003

Noncompliance Citation/Material Weakness

Ohio Admin Code Section 117-2 provides that the Township Fiscal Officer shall keep the books of the Township; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Township and income derived. In addition, **Ohio Admin Code Section 117-2-02(A)** states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code. The Township did not maintain an accurate record of all monies received and disbursed. The Township's financial statements for 2013 and 2012 contained errors which resulted in numerous reclassifications and adjustments to correctly report the financial activity during the audit period as follows:

- In 2012, General Fund property tax receipts in the amount of \$10,789 were erroneously posted as miscellaneous receipts, and in 2013, General Fund property tax receipts in the amount of \$10,390 were erroneously split, with \$5,711 posted as sale of fixed assets receipts, \$4,658 as special assessments receipts, and \$21 as other financing sources in the General Fund.
- In 2013 and 2012, General Fund intergovernmental receipts in the amounts of \$17,630 and \$17,465, respectively, were erroneously posted as property tax receipts.
- In 2013 and 2012, Road & Bridge Fund intergovernmental receipts in the amounts of \$2,938 and \$2,926, respectively were erroneously posted as property tax receipts.
- In 2013 and 2012, Fire Levy Fund intergovernmental receipts in the amounts of \$6,523 and \$6,958, respectively were erroneously posted as property tax receipts.
- In 2013 and 2012, General Fund and Road & Bridge Fund intergovernmental receipts were erroneously posted as property tax receipts in the Fire Levy Fund. These reclassifications required fund balance adjustments to be recorded in the Township's accounting system. In 2013, the Fire Levy Fund received \$1,786 of General Fund intergovernmental receipts and \$506 of Road & Bridge Fund intergovernmental receipts; and in 2012, the Fire Levy Fund received \$1,966 of General Fund intergovernmental receipts and \$709 of Road & Bridge Fund intergovernmental receipts.
- In 2013, disbursements of \$10,390 relating to the Miami County Health Department property tax levy were erroneously reported in the General Fund as general government disbursements instead of public health disbursements.
- In 2013, the Township erroneously posted the same receipt twice in the Gas Tax Fund for the June 27, 2013 gas tax distribution receipt in the amount of \$4,564. This error resulted in 2013 Gas Tax Fund intergovernmental receipts and year-end cash balance to be overstated by that amount.
- In 2012, the Township erroneously created duplicate checks for all elected officials for the February 2012 paycheck. The Township distributed only one check to each official and maintained the other checks on its bank reconciliation as open items totaling \$3,046. The Township voided those checks on May 8, 2013. As a result, the 2012 General Fund general government disbursements were overstated by that amount, and the 2012 ending fund balance did not properly roll forward to 2013 for the General Fund by that amount.

FINDING NUMBER 2013-003
(Continued)

- In 2013, the Township erroneously posted a fire contract payment to the City of Piqua in the amount of \$57,000 to the Gas Tax Fund as a public works disbursement instead of posting it to the Fire Levy Fund as a public safety disbursement.
- In 2013 and 2012, the Township posted fire contract payments in the amounts of \$50,000 and \$107,000, respectively, to the General Fund as general government disbursements instead of as public safety disbursements. Additionally, these disbursements could have been charged to the Fire Levy Fund as the Township's property tax levy for fire protection services would be allowed to account for these disbursements. Because General Fund monies can be spent on any proper public purpose, no fund balance adjustment will be made for these items.
- In 2012, the Township erroneously reported all of its General Fund December 31 fund balance as non-spendable instead of unassigned and \$238,527 of its Special Revenue Fund December 31 fund balance as committed instead of restricted.
- **Auditor of State Bulletin 2011-004** states that when the appropriation measure is adopted for the subsequent year, and those appropriations exceed estimated receipts, the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable only to the General Fund as it is the only fund with a positive unassigned fund balance. The Township failed to properly classify the amount by which appropriations exceeded estimated receipts for the subsequent fiscal year in the amount of \$165,891 for 2013 and \$187,789 for 2012. These amounts should have been classified as assigned fund balance rather than unassigned fund balance in the General Fund.

The accompanying financial statements have been adjusted for these misstatements.

The following misstatements were not adjusted in the accompanying financial statements:

- In 2013 and 2012, the Township received payments from the City of Piqua for EMS services. The Township properly posted these receipts in the Fire Levy Fund as charges for services but posted the receipts at an amount that was net of processing fees the City of Piqua charged for processing. As a result, Fire Levy Fund charges for services receipts and public safety disbursements were understated by \$2,202 and \$3,189, respectively. These receipts and disbursements were less than 1% of total Special Revenue Fund receipts and disbursements.
- In 2012, the Township paid off its loan to Unity National Bank. These debt payments were posted to the General Fund and Gas Tax Fund as general government disbursements and capital outlay disbursements, respectively. The Township should have posted the disbursements as principal and interest repayment to the General Fund in the amount of \$1,186 and to the Gas Tax Fund in the amount of \$4,537. These disbursements were less than 1% of total General Fund and Special Revenue Fund disbursements.

The Township should implement procedures to review Auditor of State Bulletin 2011-004 prior to completion of the financial statements to verify that all ending fund balances reported comply with its requirements. The Township should also utilize the Uniform Accounting Network Accounting & General Manual to determine proper classifications for receipts and disbursements.

Officials' Response:

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

**SPRINGCREEK TOWNSHIP
MIAMI COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Ohio Admin. Code Section 117-2 – Accuracy of Financial Statements	No	Repeated as Finding Number 2013-003.
2011-002	Ohio Rev. Code Section 9.38 – Timely Deposits of Cash	Partially	Included in separate letter to management.
2011-003	Ohio Rev. Code Section 5705.36 – Amended Certificates of Estimated Resources	Yes	



Dave Yost • Auditor of State

SPRINGCREEK TOWNSHIP

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 20, 2014**