



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BALLVILLE TOWNSHIP  
SANDUSKY COUNTY  
DECEMBER 31, 2018 AND 2017**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Ballville Township  
Sandusky County  
821 Third Avenue  
Fremont, Ohio 43420

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Ballville Township, Sandusky County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Ballville Township, Sandusky County, Ohio as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2019, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

September 17, 2019

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$135,810	\$598,950			\$734,760
Licenses, Permits and Fees	17,266	11,271			28,537
Intergovernmental	51,367	212,307		\$30,440	294,114
Special Assessments		138			138
Earnings on Investments	13,252	2,117			15,369
Miscellaneous	12,067	9,939			22,006
<i>Total Cash Receipts</i>	<u>229,762</u>	<u>834,722</u>		<u>30,440</u>	<u>1,094,924</u>
<b>Cash Disbursements</b>					
Current:					
General Government	186,053				186,053
Public Safety		227,915			227,915
Public Works		399,491		24,440	423,931
Health	1,396	15,101			16,497
Conservation-Recreation	46,256				46,256
Capital Outlay	2,615	1,665		6,000	10,280
Debt Service:					
Principal Retirement			\$28,630		28,630
Interest and Fiscal Charges			1,370		1,370
<i>Total Cash Disbursements</i>	<u>236,320</u>	<u>644,172</u>	<u>30,000</u>	<u>30,440</u>	<u>940,932</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,558)</u>	<u>190,550</u>	<u>(30,000)</u>		<u>153,992</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	27,000		30,000	917	57,917
Transfers Out	(917)	(57,000)			(57,917)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>26,083</u>	<u>(57,000)</u>	<u>\$30,000</u>	<u>917</u>	
<i>Net Change in Fund Cash Balances</i>	19,525	133,550		917	153,992
<i>Fund Cash Balances, January 1</i>	<u>297,146</u>	<u>364,196</u>		<u>198,073</u>	<u>859,415</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		497,746			497,746
Committed				198,990	198,990
Assigned	112,770				112,770
Unassigned	203,901				203,901
<i>Fund Cash Balances, December 31</i>	<u>\$316,671</u>	<u>\$497,746</u>		<u>\$198,990</u>	<u>\$1,013,407</u>

See accompanying notes to the basic financial statements

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

	Fiduciary Fund Types		Totals
	Agency	Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Earnings on Investments (trust funds only)		\$1	\$1
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	\$36,940		36,940
Other Financing Uses	(62,059)		(62,059)
<i>Total Non-Operating Receipts (Disbursements)</i>	(25,119)		(25,119)
<i>Net Change in Fund Cash Balances</i>	(25,119)	1	(25,118)
<i>Fund Cash Balances, January 1</i>	25,204	2,111	27,315
<i>Fund Cash Balances, December 31</i>	\$85	\$2,112	\$2,197

*See accompanying notes to the basic financial statements*



**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Ballville Township, Sandusky County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Ballville Volunteer Fire Department and Green Springs Rural Volunteer Fire Department to provide fire services.

***Public Entity Risk Pools***

The Township participates in two public entity risk pools. Notes 6 and 12 to the financial statements provide additional information for these entities.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund-type basis.

***Fund Accounting***

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

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

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

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

***Fire Fund*** This fund received property tax money for fire protection services.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service fund:

***Debt Service - 2017 Kenworth/Accessories Fund*** This fund accounts for the transfer in from the Road and Bridge Fund and the payment for principal and interest for a truck loan.

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project funds:

**OPWC Repaving Fund** The Township received a grant for which the proceeds were restricted for repaving a portion of Cole Road.

**Capital Improvements Projects Fund** The Township was awarded a grant for the development of a new nature park.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

**Private Purpose Trust Fund** The cemetery bequest fund accounts for and reports interest earned on the non-expendable corpus from a trust agreement restricted for the placement of a wreath at the Overmyer Crypts on Decoration Day each year at a minimum of \$20 cost for the wreath.

**Agency Funds** Agency Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township had the following significant Agency fund:

**Fire Loss Escrow Fund** This fund accounts for insurance company payments held by the Township for fire damage which are subsequently remitted to the owner upon a determination of satisfactory resolution at the site.

***Basis of Accounting***

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

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

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

A summary of 2018 budgetary activity appears in Note 3.

**Deposits and Investments**

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

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

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

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

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

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

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

**Note 3 – Budgetary Activity**

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$256,762	\$256,762	
Special Revenue	834,722	834,722	
Debt Service	30,000	30,000	
Capital Projects	31,357	31,357	
Private Purpose Trust		1	\$1
Total	\$1,152,841	\$1,152,842	\$1

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$384,608	\$247,803	\$136,805
Special Revenue	978,714	714,002	264,712
Debt Service	30,000	30,000	
Capital Projects	226,929	30,440	196,489
Total	\$1,620,251	\$1,022,245	\$598,006

**Note 4 – Deposits and Investments**

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

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

	2018
Demand deposits	\$228,236
Money market savings	5,013
Other time deposits (savings and NOW accounts)	2,112
Total deposits	235,361
STAR Ohio	780,243
Total deposits and investments	\$1,015,604

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation and 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. At December 31, 2018, all of the deposits with The Croghan Colonial Bank were fully collateralized through the FDIC.

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Property Taxes**

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

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

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

**Note 6 – Risk Pool Membership**

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity’s) policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<b>2018</b>
Cash and investments	\$33,097,416
Actuarial liabilities	7,874,610

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement***

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

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

***Social Security***

Eighteen of the Township’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. 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 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 9 – Debt**

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2017 Kenworth Truck Loan	<u>\$10,417</u>	<u>3.5%</u>

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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On September 26, 2016, Ballville Township entered into a three-year loan agreement with Croghan Colonial Bank for the purchase of a 2017 Kenworth Truck and accessories with a total purchase price of \$130,715. The loan was issued at 3.5% interest with a final maturity date of September 26, 2019.

***Compliance***

Contrary to the Ohio Rev. Code, there is no statutory authority for the Township to enter into this type of debt.

***Amortization***

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

Year Ending December 31:	2017 Kenworth Truck Loan
<u>2019</u>	<u>\$10,767</u>

**Note 10 – Construction and Contractual Commitments**

The Township was awarded a \$300,000 grant from the State of Ohio in 2018 and will commence with the development of Chudzinski-Johannsen Park in 2019.

**Note 11 – Contingent Liabilities**

There was no pending or threatened material litigation, nor were there any material claims or assessments, asserted or unasserted, as of December 31, 2018.

**Note 12 – Public Entity Risk Pool**

The Township participates in the Ohio Township Association’s Group Rating Plan for workers compensation. The Group Rating Plan’s business and affairs are conducted by the Board of Directors of the Ohio Township Association (OTA), a twenty-person board consisting of four officers and sixteen directors. The officers and directors are required to be township trustees or township fiscal officers, currently serving an Ohio township. The officers (President, First Vice President, Second Vice President, and Secretary-Treasurer) are elected to two-year terms by the members of the Ohio Township Association who are present at the General Session of the OTA annual Winter Conference. The officers must be from four distinct counties, not currently represented on the Board of Directors. There is a term limit of two two-year terms for officers. The directors are elected by the OTA Executive Committee at their meeting held during the OTA annual meeting, for a term of four years. The four-year terms are staggered among the Board of Directors. The directors must come from sixteen distinct counties. These requirements are set forth in the OTA Constitution. The OTA Executive Director serves as the coordinator of the program. The OTA has retained CareWorksComp to administer the program. Each year, the participants pay an enrollment fee to the program to cover the costs of administering the program. In 2018, the Township paid \$1,200 to CareWorksComp for fees.

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 13 – Transfers**

During 2018, the Township had the following interfund transfers:

Fund	Transfers In	Transfers Out
General Fund	\$27,000	\$917
Special Revenue Funds:		
Road and Bridge		57,000
Debt Service Fund	30,000	
Capital Projects Fund		
Park Development Fund	917	
<b>Totals</b>	<b>\$57,917</b>	<b>\$57,917</b>

Transfers were made to move unrestricted balances from the General Fund to support programs and capital projects accounted for in other funds. Transfers were made out of the Road and Bridge fund for a loan payment on the Kenworth Snow Plow out of the Debt Service Fund, and to re-allocate how a payment was previously made that received approval from the tax commissioner.

**Note 14 – Miscellaneous Receipts**

The Township received payments from insurance companies for the demolition and property clean-up of private property after the property was destroyed by a fire. The receipts are recorded in the Agency fund as they will be returned to the insured after the fire clean-up is completed.

**Note 15 – Other Financing Uses**

The Township disbursed agency funds as Other Financing Uses in 2018 as the Township verified the satisfactory clean-up the fire damage referenced in Note 14. As the damage was certified satisfactorily removed, the funds were disbursed back to the insured who owned the property.

**Note 16 – Licenses, Fees, and Permits**

The Township received payments for park facility rental fees. In 2018, the Township experienced an increase in baseball diamond, volleyball court, and shelter house rental fees.

**Note 17 – Subsequent Event**

In the May 21, 2019 Board of Trustee meeting, it was discussed that the Township’s Sandusky County Health Department assessment could be increased in the event that the Health Department’s November 2019 renewal levy fails. If the renewal levy fails, the Township’s assessment could increase from \$4,995 per year to \$80,950 per year, which is half of the annual General Fund tax revenue. Additionally, the Health Department will assess the Township an additional \$13,492 even if the levy passes.



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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$132,683	\$547,721			\$680,404
Licenses, Permits and Fees	17,513	12,343			29,856
Intergovernmental	58,357	208,244			266,601
Special Assessments		145			145
Earnings on Investments	7,455	801			8,256
Miscellaneous	6,150	11,462			17,612
<i>Total Cash Receipts</i>	<u>222,158</u>	<u>780,716</u>			<u>1,002,874</u>
<b>Cash Disbursements</b>					
Current:					
General Government	221,611				221,611
Public Safety		223,027			223,027
Public Works		322,363			322,363
Health	3,226	19,400			22,626
Conservation-Recreation	91,850				91,850
Capital Outlay	36,135	174,100		\$6,000	216,235
Debt Service:					
Principal Retirement			\$26,668		26,668
Interest and Fiscal Charges			2,332		2,332
<i>Total Cash Disbursements</i>	<u>352,822</u>	<u>738,890</u>	<u>29,000</u>	<u>6,000</u>	<u>1,126,712</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(130,664)</u>	<u>41,826</u>	<u>(29,000)</u>	<u>(6,000)</u>	<u>(123,838)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets				12,001	12,001
Transfers In		5,300	29,000	1,877	36,177
Transfers Out	(7,177)	(29,000)			(36,177)
Advances In	20,000	20,000			40,000
Advances Out	(20,000)	(20,000)			(40,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(7,177)</u>	<u>(23,700)</u>	<u>\$29,000</u>	<u>13,878</u>	<u>12,001</u>
<i>Net Change in Fund Cash Balances</i>	<u>(137,841)</u>	<u>18,126</u>		<u>7,878</u>	<u>(111,837)</u>
<i>Fund Cash Balances, January 1</i>	<u>434,987</u>	<u>346,070</u>		<u>190,195</u>	<u>971,252</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		364,196			364,196
Committed				198,073	198,073
Assigned	127,846				127,846
Unassigned	169,300				169,300
<i>Fund Cash Balances, December 31</i>	<u>\$297,146</u>	<u>\$364,196</u>		<u>\$198,073</u>	<u>\$859,415</u>

See accompanying notes to the basic financial statements

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

	Fiduciary Fund Types		Totals
	Agency	Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Earnings on Investments (trust funds only)		\$2	\$2
<b>Non-Operating Receipts</b>			
Miscellaneous Receipts	\$25,204		25,204
<i>Net Change in Fund Cash Balances</i>	25,204	2	25,206
<i>Fund Cash Balances, January 1</i>		2,109	2,109
<i>Fund Cash Balances, December 31</i>	\$25,204	\$2,111	\$27,315

*See accompanying notes to the basic financial statements*

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Ballville Township, Sandusky County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Ballville Volunteer Fire Department and Green Springs Rural Volunteer Fire Department to provide fire services.

***Public Entity Risk Pools***

The Township participates in two public entity risk pools. Notes 6 and 12 to the financial statements provide additional information for these entities.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

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

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

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

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

***Fire Fund*** This fund receives property tax money for fire protection services.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service fund:

***Debt Service - 2017 Kenworth/Accessories Fund*** This fund accounts for the transfer in from the Road and Bridge Fund and the payment for principal and interest for a truck loan.

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project fund:

**Park Development** A transfer was received from the General Fund for interest earned on the new nature park fund balance.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

**Private Purpose Trust Fund** The cemetery bequest fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the placement of a wreath at the Overmyer Crypts on Decoration Day each year at a minimum of \$20 cost for the wreath.

**Agency Funds** Agency Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township had the following significant Agency fund:

**Fire Loss Escrow Fund** This fund accounts for insurance company payments held by the Township for fire damage which are subsequently remitted to the owner upon a determination of satisfactory resolution at the site.

***Basis of Accounting***

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

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

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

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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

A summary of 2017 budgetary activity appears in Note 3.

**Deposits and Investments**

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

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

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

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

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

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$242,125	\$222,158	(\$19,967)
Special Revenue	817,894	786,016	(31,878)
Debt Service	29,000	29,000	
Capital Projects	1,877	13,878	12,001
Private Purpose Trust	0	2	2
Total	\$1,090,896	\$1,051,054	(\$39,842)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$608,882	\$366,539	\$242,343
Special Revenue	1,093,348	777,576	315,772
Debt Service	29,000	29,000	
Capital Projects	192,072	6,000	186,072
Total	\$1,923,302	\$1,179,115	\$744,187

**Note 4 – Deposits and Investments**

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

	2017
Demand deposits	\$114,435
Money market savings	5,003
Other time deposits (savings and NOW accounts)	2,111
Total deposits	121,549
STAR Ohio	765,181
Total deposits and investments	\$886,730

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. At December 31, 2017, all of the deposits with The Croghan Colonial Bank were fully collateralized through the FDIC.

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Property Taxes**

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

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

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

**Note 6 – Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

***Casualty and Property Coverage***

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims. The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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The aforementioned casualty and property reinsurance agreement does not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

***Financial Position***

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	<u>2017</u>
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017, the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township’s share of these unpaid claims collectible in future years is approximately \$9,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>
<u>2017</u>
\$20,178

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Social Security***

Nineteen of Ballville Township’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

**Note 8 – Postemployment Benefits**

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

**Note 9 – Debt**

Debt outstanding at December 31, 2017, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2017 Kenworth Truck Note	<u>\$39,047</u>	3.5%

On September 26, 2016, Ballville Township entered into a three-year loan agreement with Croghan Colonial Bank for the purchase of a 2017 Kenworth Truck and accessories with a total purchase price of \$130,715.00. The loan was issued at 3.5% interest with a final maturity date of September 26, 2019.

***Compliance***

Contrary to the Ohio Rev. Code, there is no statutory authority for the Township to enter into this type of debt.

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Amortization***

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

Year Ending December 31:	2017 Kenworth Truck Note
2018	\$23,478
2019	17,580
Total	<u>\$41,058</u>

**Note 10 – Construction and Contractual Commitments**

In 2017, the Township acquired three acres of land with a long-range plan for development of a new township facility. Construction of a salt bin is anticipated within the next two years.

**Note 11 – Contingent Liabilities**

The Township was a defendant in a lawsuit filed in 2016 which was dismissed in 2017. Management believes that the resolution of these matters will not materially adversely affect the Township’s financial condition.

**Note 12 – Public Entity Risk Pool**

The Township participates in the Ohio Township Association Group Rating Plan for worker’s compensation. The Group Rating Plan’s business and affairs are conducted by the Board of Directors of the Ohio Township Association (OTA), a twenty-person board consisting of four officers and sixteen directors. The officers and directors are required to be township trustees or township fiscal officers, currently serving an Ohio township. The officers (President, First Vice President, Second Vice President, and Secretary-Treasurer) are elected to two-year terms by the members of the Ohio Township Association who are present at the General Session of the OTA annual Winter Conference. The officers must be from four distinct counties, not currently represented on the Board of Directors. There is a term limit of two two-year terms for officers. The directors are elected by the OTA Executive Committee at their meeting held during the OTA annual meeting, for a term of four years. The four-year terms are staggered among the Board of Directors. The directors must come from sixteen distinct counties. These requirements are set forth in the OTA Constitution. The OTA Executive Director serves as the coordinator of the program. The plan is administered by CareWorksComp. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program. In 2017, the Township paid \$744 to CareWorksComp for fees.

**Ballville Township**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 13 – Transfer and Advances**

During 2017, the Township had the following interfund transfers and advances:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund		\$7,177
Special Revenue Funds:		
Road and Bridge		29,000
Fire and Rescue, Ambulance and EMS	\$5,000	
Special Assessment	300	
Debt Service Fund	29,000	
Capital Projects Fund	1,877	
<b>Totals</b>	<b>\$36,177</b>	<b>\$36,177</b>

  

<b>Fund</b>	<b>Advances In</b>	<b>Advances Out</b>
General Fund	\$20,000	\$20,000
Special Revenue Funds:		
Fire and Rescue, Ambulance and EMS	20,000	20,000
<b>Totals</b>	<b>\$40,000</b>	<b>\$40,000</b>

Transfers were made to move unrestricted balances from the General Fund to support programs and capital projects accounted for in other funds. A transfer was made out of the Road and Bridge fund to pay the debt on the Kenworth Snow Plow out of the Debt Service Fund.

Monies were advanced out of the General Fund to the Fire and Rescue, Ambulance and EMS fund to pay for fire protection services from Green Springs Rural Fire Department and Ballville Volunteer Fire Department. The advance was returned prior to December 31, 2017.

**Note 14 – Miscellaneous Receipts**

The Township received payments from insurance companies for the demolition and property clean-up of private property after the property was destroyed by a fire. The receipts are recorded in the Agency fund as they will be returned to the insured after the fire clean-up is completed.

**Note 15 – Subsequent Event**

In the May 21, 2019 Board of Trustee meeting, it was discussed that the Township’s Sandusky County Health Department assessment could be increased in the event that the Health Department’s November 2019 renewal levy fails. If the renewal levy fails, the Township’s assessment could increase from \$4,995 per year to \$80,950 per year, which is half of the annual General Fund tax revenue. Additionally, the Health Department will assess the Township an additional \$13,492 even if the levy passes.

**Note 16 – Compliance**

Contrary to Ohio law, sale of capital asset receipts of \$12,001 were recorded within the Road and Bridge fund and Cemetery fund rather than within a Permanent Improvement fund.

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NorthwestRegion@ohioauditor.gov

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

Ballville Township  
Sandusky County  
821 Third Avenue  
Fremont, Ohio 43420

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Ballville Township, Sandusky County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2019, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-002 and 2018-003 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our

audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-001 and 2018-003.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

September 17, 2019

**BALLVILLE TOWNSHIP  
SANDUSKY COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2018-001**

**Noncompliance**

**Ohio Rev. Code Chapter 133** authorizes certain methods by which subdivisions may incur debt.

**Ohio Rev. Code § 133.22**, a subdivision may issue anticipatory-securities if it meets the requirements outlined in the statute.

**Ohio Rev. Code § 133.10** permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

**Ohio Rev. Code § 133.15**, a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct.

**Ohio Rev. Code § 133.18**, the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

During 2018 and 2017, the Township made principal payments on an outstanding bank loan in the amount of \$28,630 and \$26,668, respectively. The bank loan was used by the Township to finance the purchase of a 2017 T370 Kenworth Plow Truck Chassis.

This type of debt is not authorized in Ohio Rev. Code Chapter 133. Without a statutory provision authorizing this method for incurring debt, the Township was not permitted to use such a method. The Township had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Township.

The Township should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

**FINDING NUMBER 2018-002**

**Material Weakness**

**Financial Reporting**

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 a financial statement free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statement accurately reflects the Township's activity. The Township should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements.

The following errors were noted in the Township's financial statements and footnotes:

- Fund balance related to appropriations in excess of estimated receipts within the General Fund of \$102,204 in 2018 and \$124,835 in 2017 was recorded as Unassigned rather than Assigned as required by Governmental Accounting Standards Board (GASB) Statement No. 54, codified as GASB Cod. 1800.176;
- Insurance proceeds received for fire damages on behalf of citizens were incorrectly recorded as extraordinary items rather than as miscellaneous receipts within the Fire Loss Escrow Fund, an agency fund for \$36,000, and \$25,204 in 2018, and 2017, respectively;
- Appropriations recorded in the budgetary footnote for the special revenue fund type did not include prior year carryover encumbrances of \$75,087 in 2017;
- Appropriations recorded in the budgetary footnote for capital projects did not agree to approved appropriations by \$3,500 in 2018.

These errors were not identified and corrected prior to the Township preparing its financial statements and footnotes due to deficiencies in the Township's internal controls over financial statement monitoring. The accompanying financial statements and footnotes have been adjusted to correct these errors. Failing to prepare accurate financial statements could lead to the Board or financial statement user to make misinformed decisions. Additional errors were noted in smaller relative amounts.

To help ensure the Township's financial statements and footnotes are complete and accurate, the Township should adopt policies and procedures, including a final review of the financial statements and footnotes by the Fiscal Officer and Board of Trustees, to identify and correct errors and omissions. The Fiscal Officer can refer to Auditor of State Bulletin 2011-004 for information on GASB Statement No. 54.

### FINDING NUMBER 2018-003

#### Noncompliance and Material Weakness

**Ohio Rev. Code § 5705.10(F)** requires revenue received from the sale of a permanent improvement to be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements. **Ohio Rev. Code § 5705.01(E)** defines "permanent improvement" or "improvement" to mean "any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more."

The Township inappropriately recorded a \$6,001 sale of capital assets to the Road and Bridge fund and a \$6,000 sale of capital assets to the Cemetery fund. Given the source of these receipts, the amounts should have been recorded in a Permanent Improvement fund as sale of capital assets. Additionally, the \$6,000 proceeds were also expended in 2017 from the Cemetery fund rather than a Permanent Improvement fund. The financial statements have been adjusted to correct these errors.

These errors occurred due to a lack of policies and procedures over reviewing sale of capital asset receipts for proper fund posting, and resulted in overstated special revenue fund balances and an understated capital project fund balance. The Township should implement controls to help ensure all transactions are reviewed and posted to the proper funds.

#### Officials' Response:

We did not receive a response from Officials to the findings above.





**BALLVILLE TOWNSHIP  
 SANDUSKY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Finding was first issued in the 2013-2014 audit. Material weakness due to material errors in financial reporting.	Not corrected and repeated as Finding 2018-002 in this report.	This finding reoccurred due to inadequate policies and procedures over financial reporting. The Fiscal Officer was unfamiliar with the fund balance classification rule. The Fiscal Officer will review the necessary procedures to make sure fund classifications are properly authorized from the State and Township Trustee approval. The Fiscal Officer will ensure these errors are accounted for correctly in the future.

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# OHIO AUDITOR OF STATE KEITH FABER



**BALLVILLE TOWNSHIP**

**SANDUSKY 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  
OCTOBER 1, 2019**