



OHIO AUDITOR OF STATE
KEITH FABER



**SPRINGFIELD TOWNSHIP
MAHONING COUNTY**

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DECEMBER 31, 2017**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Springfield Township
Mahoning County
3475 East South Range
New Springfield, Ohio 44443

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 Springfield Township, Mahoning County, Ohio (the Township) as of and for the year ended December 31, 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, 2017, and the respective changes in financial position thereof for the year 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 Springfield Township, Mahoning County as of December 31, 2017, for the year 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 May 20, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

May 20, 2020

SPRINGFIELD TOWNSHIP, MAHONING COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Cash Receipts				
Property and Other Local Taxes	427,381	1,238,660	-	1,666,041
Charges for Services	-	150,667	-	150,667
Licenses, Permits and Fees	243,612	-	-	243,612
Fines and Forfeitures	12,212	1,309	-	13,521
Intergovernmental	64,701	376,480	36,568	477,749
Special Assessments	-	6,071	-	6,071
Earnings on Investments	4,734	261	-	4,995
Miscellaneous	2,737	26,050	-	28,787
<i>Total Cash Receipts</i>	<u>755,377</u>	<u>1,799,498</u>	<u>36,568</u>	<u>2,591,443</u>
Cash Disbursements				
Current:				
General Government	437,919	770,899		1,208,818
Public Safety	273,411	463,604		737,015
Public Works	2,895	441,284		444,179
Health	48,215	-		48,215
Capital Outlay	28,000	541,591	36,568	606,159
Debt Service:				
Principal Retirement	54,594	116,722		171,316
Interest and Fiscal Charges	34,704	36,099		70,803
<i>Total Cash Disbursements</i>	<u>879,738</u>	<u>2,370,199</u>	<u>36,568</u>	<u>3,286,505</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(124,361)	(570,701)	-	(695,062)
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	-	236		236
Advances In	-	45,000		45,000
Advances Out	(45,000)	-		(45,000)
Other Financing Sources	1,000	10,470		11,470
Other Financing Uses	(49)	-		(49)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(44,049)</u>	<u>55,706</u>	<u>-</u>	<u>11,657</u>
<i>Net Change in Fund Cash Balances</i>	(168,410)	(514,995)	-	(683,405)
<i>Fund Cash Balances, January 1</i>	<u>1,032,922</u>	<u>2,980,057</u>	<u>6,324</u>	<u>4,019,303</u>
Fund Cash Balances, January 1				
Restricted		2,465,062	6,324	2,471,386
Assigned	330,831			330,831
Unassigned (Deficit)	533,681			533,681
<i>Fund Cash Balances, December 31</i>	<u>864,512</u>	<u>2,465,062</u>	<u>6,324</u>	<u>3,335,898</u>

See accompanying notes to the basic financial statements.

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SPRINGFIELD TOWNSHIP
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Springfield Township, Mahoning County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 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.

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

Fire Department and Rescue Squad Fund This fund received property tax money to operate the Fire Department and Rescue Squad for the Township.

Police Department Fund This fund received property tax money to operate the Police Department for the Township.

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

Issue II Fund The Township received a grant from the state for capital improvements. The proceeds are restricted for capital improvements.

SPRINGFIELD TOWNSHIP
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

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

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

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

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.

Money market mutual funds are recorded at share values the mutual funds report.

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.

SPRINGFIELD TOWNSHIP
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

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

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

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

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

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	\$706,548	\$756,377	\$49,829
Special Revenue	1,558,726	1,810,204	251,478
Capital Projects	0	36,568	36,568
Total	\$2,265,274	\$2,603,149	\$337,875

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,022,534	\$880,181	\$142,353
Special Revenue	2,764,079	2,530,392	233,687
Capital Projects	0	36,568	(36,568)
Total	\$3,786,613	\$3,447,141	\$339,472

SPRINGFIELD TOWNSHIP
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Deposits and Investments

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

	<u>2017</u>
Demand Deposits	<u>\$1,450,455</u>
Total deposits	<u>\$1,450,455</u>
Money Market	1,501,428
Sweep Account	<u>384,015</u>
Total Investments	<u>1,885,443</u>
Total Deposits and Investments	<u>\$3,335,898</u>

Deposits

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

Investments

The Township's investments are limited to Sweep Agreements.

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.

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.

SPRINGFIELD TOWNSHIP
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA 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 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.

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

At December 31, 2017, the liabilities above include approximately \$8 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 \$20,000.

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>2017 Contributions to OTARMA</u>
--

\$44,715

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.

SPRINGFIELD TOWNSHIP
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS Law enforcement members contributed 13%, of their gross salaries and the Township contributed an amount equaling 18.1%, of participants' gross salaries. OPERS Local members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of the participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Social Security

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

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

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds Fire/EMS Building	\$2,238,000	2.92%
OPWC Loan	48,325	0.00%
Police Car Leases	51,770	5.95%
Total	<u>\$2,338,095</u>	

The Township issued General Obligation Bonds to finance the construction of a new Fire/EMS building. Bonds were issued in 2015 for 15 years.

The Township has obligation to Ohio Public Works Commission for the final phase of Phil Rose Lane which consisted of curbing and widening the road with proper drainage. It is a 30 year loan at 0.00% interest.

SPRINGFIELD TOWNSHIP
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Leases

The Township leased three police vehicles from Ford Motor Lease for 3 years and after the three years the Township may purchase the vehicles for \$1.00 each.

The Township leases vehicles under noncancelable leases. The Township disbursed \$29,698 (principal) to pay lease costs for the year ended December 31, 2017.

Amortization

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

Year ending December 31:	G.O. Bonds Fire/EMS Building	OPWC Loan Phil Rose Lane	Police Car Leases
2018	207,313	2,357	43,317
2019	208,108	2,357	21,317
2020	208,743	2,357	21,317
2021	208,246	2,357	9,739
2022-2026	1,040,237	11,787	
2027-2031	833,195	11,787	
2032-2036		11,787	
2037-2038		3,536	
Total	<u>\$2,705,842</u>	<u>\$48,325</u>	<u>\$95,690</u>

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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**

Springfield Township
Mahoning County
3475 East South Range
New Springfield, Ohio 44443

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 Springfield Township, Mahoning County, (the Township) as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated May 20, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Township's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Township's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

May 20, 2020

**SPRINGFIELD TOWNSHIP
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017**

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

1. Accurately Posting Accounting Transactions

FINDING NUMBER 2017-001

MATERIAL WEAKNESS

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

During 2017, the Township was the beneficiary of Ohio Public Works Commission (OPWC) monies for a project. On behalf of the Township, OPWC paid \$36,568 directly to the vendors in 2017. The Township did not record the receipt and expenditure transactions relating to these OPWC on-behalf payments.

Auditor of State Bulletins 2000-008 and 2002-004 provide guidance for local governments participating in on-behalf programs with other governments as to the application of Statement No. 24 of the Governmental Accounting Standards Board. In general, when a local government enters into an on-behalf program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf disbursements are made. Per Auditor of State Bulletin 2002-004, the Township should record a receipt and expenditure transaction to account for any payments made on its behalf in the capital projects fund established for OPWC transactions.

Also a payment for the police vehicle was posted to the General Fund, General Government expenditures but should have been posted to Principal expenditures in the amount of \$10,100.

In addition, Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, (codified as GASB Cod 1800.165-.179) introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

Although the Township implemented GASB No. 54, the Fiscal Officer did not always classify the fund balances correctly. The General Fund subsequent year appropriations in excess of estimated receipts were incorrectly classified as unassigned instead of assigned fund balance by \$330,831.

These errors occurred as a result of management's lack of understanding of the proper classification of fund balances in accordance with GASB 54. A lack of properly classifying fund balances increases the risk fund balances may not be spent properly.

The accompanying financial statements have been adjusted to correct all of the above errors.

The Township should establish controls to ensure on-behalf monies are recorded in the Township's accounting system and in their financial statements.

To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board, to identify and correct errors and omissions. In addition, the Fiscal Officer should review Audit Bulletin 2011-004 for guidance on GASB Statement No. 54.

Official's Response: See Corrective Action Plan

CORRECTIVE ACTION PLAN

Finding Number: 2017-001

Planned Corrective Action Plan: The OPWC that was not reported was in error and will be reported as an in and out transaction in UAN.

Anticipated Completion Date: Immediately.

Responsible Party: Laurie Applegarth

Finding Number: 2017-001

Planned Corrective Action Plan: The police vehicle payment posted in error to the general fund will be posted to the correct expenditures in the future.

Anticipated Completion Date: Immediately.

Responsible Party: Laurie Applegarth

Finding Number: 2017-001

Planned Corrective Action Plan: The funds incorrectly classified as unassigned instead of assigned fund balances will be correctly classified.

Anticipated Completion Date: Immediately.

Responsible Party: Laurie Applegarth

Finding Number: 2017-001

Planned Corrective Action Plan: The Township will adopt policies and procedures to include a final review of the statements and notes by the Fiscal Officer and Board to identify and correct errors and omissions.

Anticipated Completion Date: Sometime before the year end of 2020.

Responsible Party: Laurie Applegarth

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OHIO AUDITOR OF STATE KEITH FABER



SPRINGFIELD TOWNSHIP

MAHONING 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
JUNE 2, 2020**