



OHIO AUDITOR OF STATE
KEITH FABER



**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY
DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITOR'S REPORT

Springfield Township
Summit County
2459 Canfield Road
Akron, Ohio 44312

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 the Springfield Township, Summit County, Ohio (the Township) as of and for the years ended December 31 2019 and 2018.

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.

Efficient • Effective • Transparent

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 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

Miscellaneous Cash Receipts are reported at \$134,145, and \$134,245 for the years ended December 31, 2019 and 2018, respectively, which are 9.6 percent of General Fund receipts for the year ended December 31, 2019, and 9.9 percent of General Fund receipts for the year ended December 31, 2018. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as miscellaneous cash receipts in the General Fund. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Township, as of December 31 2019 and 2018, 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. We believe the audit evidence we obtained is sufficient and appropriate to support our adverse and qualified audit opinions.

Emphasis of a Matter

As discussed in 2019 - Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 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

December 4, 2020

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Springfield Township
Summit 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, 2019*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$360,581	\$3,552,672	\$0	\$3,913,253
Charges for Services	0	465,162	0	465,162
Licenses, Permits and Fees	183,770	4,855	0	188,625
Fines and Forfeitures	0	12,912	0	12,912
Intergovernmental	667,212	734,444	0	1,401,656
Special Assessments	8,241	0	0	8,241
Earnings on Investments	250	0	0	250
Miscellaneous	134,145	220,539	0	354,684
<i>Total Cash Receipts</i>	<u>1,354,199</u>	<u>4,990,584</u>	<u>0</u>	<u>6,344,783</u>
Cash Disbursements				
Current:				
General Government	750,852	0	0	750,852
Public Safety	0	3,944,076	0	3,944,076
Public Works	78,634	633,324	0	711,958
Health	90,922	0	0	90,922
Human Services	45,242	0	0	45,242
Conservation-Recreation	186,679	10,182	0	196,861
Capital Outlay	0	93,819	3,202	97,021
Debt Service:			0	
Principal Retirement	0	38,460		38,460
Interest and Fiscal Charges	0	11,481	0	11,481
<i>Total Cash Disbursements</i>	<u>1,152,329</u>	<u>4,731,342</u>	<u>3,202</u>	<u>5,886,873</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>201,870</u>	<u>259,242</u>	<u>(3,202)</u>	<u>457,910</u>
Other Financing Receipts (Disbursements)				
Advances In	165,000	202,000	0	367,000
Advances Out	(202,000)	(165,000)	0	(367,000)
Inception of Lease	0	84,460	0	84,460
SIB Loan Issued	0	0	3,202	3,202
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(37,000)</u>	<u>121,460</u>	<u>3,202</u>	<u>87,662</u>
<i>Net Change in Fund Cash Balances</i>	164,870	380,702	0	545,572
<i>Fund Cash Balances, January 1</i>	<u>757,323</u>	<u>1,475,747</u>	<u>0</u>	<u>2,233,070</u>
Fund Cash Balances, December 31				
Restricted	0	1,855,905	0	1,855,905
Assigned	445,392	544	0	445,936
Unassigned (Deficit)	476,801	0	0	476,801
<i>Fund Cash Balances, December 31</i>	<u>\$922,193</u>	<u>\$1,856,449</u>	<u>\$0</u>	<u>\$2,778,642</u>

See accompanying notes to the basic financial statements

Springfield Township
Summit County, Ohio
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2019*

	<u>Custodial</u>
Operating Cash Receipts	
Licenses, Permits and Fees	\$63,086
Fire Claims	19,257
Miscellaneous	<u>36,545</u>
<i>Operating Cash Receipts</i>	<u>118,888</u>
Operating Cash Disbursements	
Salaries	28,924
Employee Fringe Benefits	4,734
Distributions to Local Cable Communications Board	<u>47,992</u>
<i>Operating Cash Disbursements</i>	<u>81,650</u>
<i>Operating Income (Loss)</i>	<u>37,238</u>
<i>Fund Cash Balances, January 1</i>	<u>46,808</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$84,046</u></u>
<i>See accompanying notes to the basic financial statements</i>	

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

A. Description of the Entity

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

B. Joint Venture, Public Entity Risk Pool and Related Organization

The Township participates in one public entity risk pool, one joint venture, and one related organization. Notes 8, 11, 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

A. 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.

B. 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 117-203(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 117-203(D) permit.

C. Deposits and Investments

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

D. Fund Accounting

The Township uses 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:

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

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

Police District Fund The Police District fund accounts for and reports the receipt of property tax monies restricted for general operations of the police department.

Fire District Fund The Fire District fund accounts for and reports the receipt of property tax monies and grants restricted to provide fire protection services to Township residents.

3. **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:

SIB (State Infrastructure Bank) Loan Fund This fund accounts for the activity related to the Township's SIB loan.

4. **Fiduciary Funds** Fiduciary funds include custodial funds. Custodial 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's custodial fund accounts for the activities of the Springfield Township Local Cable Communications Board for which the Township acts as fiscal agent.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial 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.

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

A summary of 2019 budgetary activity appears in Note 4.

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

F. Fund Balance

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

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

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

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

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

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

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

G. 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.

H. 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.

Note 3. – Deposits and Investments

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

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

	2019
Demand deposits	(75,720)
Total deposits	(75,720)
Repurchase agreement	2,938,409
Total investments	2,938,409
Total deposits and investments	\$2,862,689

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Township’s financial institution transfers securities to the Township’s agent to collateralize repurchase agreements. The securities are not in the Township’s name.

The negative demand deposits are due to the overnight repurchase agreement.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,379,139	\$1,519,199	\$140,060
Special Revenue	4,894,932	5,277,044	382,112
Capital Projects	0	3,202	3,202
Total	\$6,274,071	\$6,799,445	\$525,374

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,627,575	\$1,433,825	\$193,750
Special Revenue	5,355,128	5,189,487	165,641
Capital Projects	0	3,202	(3,202)
Total	\$6,982,703	\$6,626,514	\$356,189

The negative variance is due to an audit adjustment that increased Capital Projects Fund disbursements.

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. – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. Full-time police officers contributed 13% of their gross salaries and the Township contributed an amount equal to 18.10% of participants gross salaries. All other OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants gross salaries. The Township has paid all contributions required through December 31, 2019.

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

B. Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of the full-time firefighters' wages. The Township has paid all contributions required through December 31, 2019.

Note 7. – Post Employment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

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

Note 8 – 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. Workers' Compensation coverage is provided by the State of Ohio.

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 Township's policy. The Pool covers the following risks:

- General Liability & Casualty
- Public Officials Liability
- Cyber
- Law Enforcement Liability
- Automobile Liability
- Vehicles
- Property
- Equipment Breakdown

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

The Pool reported the following summary of assets and actuarially-measured liabilities to pay those liabilities as of December 31, 2019:

Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

Note 9. – Debt

Debt outstanding on December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
SIB Loan	\$3,202	3.00%

The Township has entered into a contractual agreement for the Canton and Waterloo Streets Decorative Lighting Project from the State Infrastructure Bank (SIB). Under the terms of the agreement, the SIB will directly pay the construction costs of the approved project. A line of credit has been established with the SIB in the amount of \$227,000. The balance of the loan at December 31, 2019 was \$3,202. The repayment of the SIB loan is scheduled to begin on November 1, 2021 and will be repaid over nine years at an interest rate of 3.00 percent.

Leases

The Township has entered into several leases for equipment and other assets, including a fire truck and Stryker Cots and Load Systems. The Township disbursed \$49,941 to pay lease costs for the year ended December 31, 2019.

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

<u>Year ending December 31:</u>	<u>Leases</u>
2020	\$49,941
2021	\$49,941
2022	\$49,941
2023	\$49,941
2024	\$33,049
2025-2028	<u>\$132,196</u>
Total	\$365,009

Note 10. – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township’s financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor.

Note 11. – Joint Venture

The Township is a member of a Joint Economic Development District (JEDD) with the City of Akron. The City of Akron provides city services to businesses within the District and subsequently is permitted to

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

collect income tax on those employees of the business district. At the same time, the JEDD prevents the annexation of Township property by the City and maintains the Township's property tax base. The Township has no equity interest in the JEDD. Complete financial statements can be obtained from the City of Akron.

Note 12. – Related Organization

The Township appoints four of the five members of the Springfield Township Local Cable Communications Board, Inc. (Board). The Board operates, maintains, manages, and regulates the cable television programming and charges and receives 2% franchise fees on behalf of its member communities (Lakemore Village and Springfield Township). The Board hires and fires its own staff and does not rely on the Township to finance deficits. The Township is not financially accountable for the Board nor is the Board financially dependent on the Township. The Board serves as its own budgeting, taxing and debt issuance authority. Per agreement between all parties, the Township performs the payroll function for the Board for the Director's salary and the Board reimburses the Township on a quarterly basis. The Township received \$36,545 of reimbursable salary expenditures during 2019. Complete financial statements can be obtained from the Springfield Township Local Cable Communications Board, Inc.

Note 13. – Interfund Balances

Outstanding advances at December 31, 2019, consisted of \$275,000 advanced to the Fire District Fund (Special Revenue), \$50,000 advanced to the Special Levy EMS Fund (Special Revenue), and \$2,000 advanced to the Flood Mitigation Grant Fund (Special Revenue) from the General Fund for fire operations and a flood mitigation project, respectively.

Note 14. SUBSEQUENT EVENT

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

Springfield Township
Summit 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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$363,229	\$3,493,758	\$3,856,987
Charges for Services	0	436,346	436,346
Licenses, Permits and Fees	193,376	4,635	198,011
Fines and Forfeitures	0	12,722	12,722
Intergovernmental	699,421	785,189	1,484,610
Special Assessments	5,566	0	5,566
Earnings on Investments	229	0	229
Miscellaneous	134,245	219,142	353,387
<i>Total Cash Receipts</i>	<u>1,396,066</u>	<u>4,951,792</u>	<u>6,347,858</u>
Cash Disbursements			
Current:			
General Government	752,901	62,366	815,267
Public Safety	0	4,251,969	4,251,969
Public Works	34,569	744,134	778,703
Health	93,164	0	93,164
Human Services	56,722	0	56,722
Conservation-Recreation	172,005	58,890	230,895
Debt Service:			
Principal Retirement	35,952	40,859	76,811
Interest and Fiscal Charges	12,941	957	13,898
<i>Total Cash Disbursements</i>	<u>1,158,254</u>	<u>5,159,175</u>	<u>6,317,429</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>237,812</u>	<u>(207,383)</u>	<u>30,429</u>
Other Financing Receipts (Disbursements)			
Advances In	70,000	265,000	335,000
Advances Out	(265,000)	(70,000)	(335,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(195,000)</u>	<u>195,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	42,812	(12,383)	30,429
<i>Fund Cash Balances, January 1</i>	<u>714,511</u>	<u>1,488,130</u>	<u>2,202,641</u>
Fund Cash Balances, December 31			
Restricted	0	1,475,203	1,475,203
Assigned	245,436	544	245,980
Unassigned (Deficit)	511,887	0	511,887
<i>Fund Cash Balances, December 31</i>	<u>\$757,323</u>	<u>\$1,475,747</u>	<u>\$2,233,070</u>

See accompanying notes to the basic financial statements

Springfield Township
Summit County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2018

	<u>Agency</u>
Operating Cash Receipts	
Licenses, Permits and Fees	\$63,460
Fire Claims	32,000
Miscellaneous	<u>36,544</u>
<i>Operating Cash Receipts</i>	<u>132,004</u>
Operating Cash Disbursements	
Salaries	28,791
Employee Fringe Benefits	4,426
Distributions to Local Cable Communications Board	63,460
Other	<u>42,900</u>
<i>Operating Cash Disbursements</i>	<u>139,577</u>
<i>Operating Income (Loss)</i>	<u>(7,573)</u>
<i>Fund Cash Balances, January 1</i>	<u>54,381</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$46,808</u></u>
<i>See accompanying notes to the basic financial statements</i>	

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

A. Description of the Entity

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

B. Joint Venture, Public Entity Risk Pool and Related Organization

The Township participates in one public entity risk pool, one joint venture, and one related organization. Notes 8, 11, 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

A. 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 fiduciary fund type which are organized on a fund type basis.

B. 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 117-203(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 117-203(D) permit.

C. Deposits and Investments

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

D. Fund Accounting

The Township uses 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:

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

1. **General Fund** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.
2. **Special Revenue Funds** These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Police District Fund The Police District fund accounts for and reports the receipt of property tax monies restricted for general operations of the police department.

Fire District Fund The Fire District fund accounts for and reports the receipt of property tax monies and grants restricted to provide fire protection services to Township residents.

3. **Fiduciary Funds** Fiduciary funds include 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's custodial fund accounts for the activities of the Springfield Township Local Cable Communications Board for which the Township acts as fiscal agent.

E. 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.

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

A summary of 2018 budgetary activity appears in Note 4.

F. Fund Balance

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

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

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

G. 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.

H. 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.

Note 3. – Deposits and Investments

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

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

	2018
Demand deposits	(12,273)
Total deposits	(12,273)
Repurchase agreement	2,292,153
Total investments	2,292,153
Total deposits and investments	\$2,279,880

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

The negative demand deposits are due to the overnight repurchase agreement.

Note 4 – 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	\$1,254,926	\$1,466,066	\$211,140
Special Revenue	4,595,555	5,216,792	621,237
Total	\$5,850,481	\$6,682,858	\$832,377

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,322,531	\$1,452,779	(\$130,248)
Special Revenue	6,320,288	5,461,112	859,176
Total	<u>\$7,642,819</u>	<u>\$6,913,891</u>	<u>\$728,928</u>

The negative variance is due to audit adjustments that increased General Fund disbursements.

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. – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. Full-time police officers contributed 13% of their gross salaries and the Township contributed an amount equal to 18.10% of participants gross salaries. All other OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants gross salaries. The Township has paid all contributions required through December 31, 2018.

B. Ohio Police and Fire Retirement System

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

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

Note 7. – Post Employment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 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. OP&F contributes 0.5 percent to fund these benefits.

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

Note 8 – 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. Workers' Compensation coverage is provided by the State of Ohio.

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 Township's policy. The Pool covers the following risks:

- General Liability & Casualty
- Public Officials Liability
- Cyber
- Law Enforcement Liability
- Automobile Liability
- Vehicles
- Property
- Equipment Breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities to pay those liabilities as of December 31, 2018:

Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9. – Debt

Leases

The Township has entered into several leases for equipment and other assets, including a maintenance and salt garage, a truck for the road department, a fire truck, a Bobcat loader and property near the Township Hall. The Township disbursed \$90,709 to pay lease costs for the year ended December 31, 2018.

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

<u>Year ending December 31:</u>	<u>Leases</u>
2019	\$33,049
2020	\$33,049
2021	\$33,049
2022	\$33,049
2023	\$33,049
2024-2028	<u>\$165,245</u>
Total	<u>\$330,490</u>

Note 10. – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor.

Note 11. – Joint Venture

The Township is a member of a Joint Economic Development District (JEDD) with the City of Akron. The City of Akron provides city services to businesses within the District and subsequently is permitted to collect income tax on those employees of the business district. At the same time, the JEDD prevents the annexation of Township property by the City and maintains the Township's property tax base. The Township has no equity interest in the JEDD. Complete financial statements can be obtained from the City of Akron.

Note 12. – Related Organization

The Township appoints four of the five members of the Springfield Township Local Cable Communications Board, Inc. (Board). The Board operates, maintains, manages, and regulates the cable television programming and charges and receives 2% franchise fees on behalf of its member communities (Lakemore Village and Springfield Township). The Board hires and fires its own staff and does not rely on the Township to finance deficits. The Township is not financially accountable for the Board nor is the Board financially dependent on the Township. The Board serves as its own budgeting, taxing and debt issuance authority. Per agreement between all parties, the Township performs the payroll function for the Board for

Springfield Township
Summit County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

the Director's salary and the Board reimburses the Township on a quarterly basis. The Township received \$36,545 of reimbursable salary expenditures during 2018. Complete financial statements can be obtained from the Springfield Township Local Cable Communications Board, Inc.

Note 13. – Interfund Balances

Outstanding advances at December 31, 2018, consisted of \$65,000 advanced to the Spartan Walking Trail Grant Fund (Special Revenue) and \$225,000 advanced to the Fire District Fund (Special Revenue) from the General Fund for park projects and fire department operations, respectively.

OHIO AUDITOR OF STATE KEITH FABER



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

Springfield Township
Summit County
2459 Canfield Road
Akron, Ohio 44312

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 the Springfield Township, Summit County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated December 4, 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 and wherein we qualified the Miscellaneous Cash Receipts in the General Fund for the years ended December 31, 2019 and 2018. We also noted the financial impact of COVID-19 and the continuing emergency measures that may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

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

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 2019-001 through 2019-004 and 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 financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as item 2019-001.

Township's Response to Findings

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 4, 2020

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Noncompliance and Material Weakness – Ohio Rev. Code § 149.351 - Maintaining Supporting Documentation

Maintaining organized documentation and support for financial transactions is essential in assuring the Township financial statements are not materially misstated and that all expenditures are made for a proper public purpose and all public records are available for public inspection. **Ohio Rev. Code § 149.351** requires all records that are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Ohio Rev. Code §§149.38 through 149.42.

- The Township was unable to locate supporting documentation for Deposits in Transit on the December 2019 Bank Reconciliation for six receipts totaling \$3,056. Alternative procedures were able to be performed.
- The Township was unable to locate its Section 125 Cafeteria Plan and Health Reimbursement Account Plan in effect during 2018 and 2019.
- The Township was unable to locate the personnel file for the Assistant Fiscal Officer.
- The Township was unable to locate the employee timecards for 13 of 52 pays tested in 2018 and 27 of 52 pays tested in 2019. Alternative procedures were able to be performed.
- For 2019, the Township was unable to locate supporting documentation for ten Miscellaneous receipts totaling \$57,032, resulting in an unmodified opinion over Miscellaneous receipts.
- For 2018, the Township was unable to locate supporting documentation for nine Miscellaneous receipts totaling \$39,395, resulting in an unmodified opinion over Miscellaneous receipts.

In addition there were other immaterial instances of missing documentation.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Township should ensure all records are adequately maintained and safeguarded. This will help ensure records are not lost or destroyed.

Official's Response: Springfield Township now mandates that all financial and human resources records be maintained within the physical office located at 2459 Canfield Road, Akron, Ohio. Neither the Fiscal Officer nor the Assistant to the Fiscal Officer may remove or store these records at their home or any other location.

FINDING NUMBER 2019-002

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

The following exceptions were noted resulting in adjustments to the financial statements to reflect the proper reporting indicating a deficiency in the design, implementation and maintenance of internal control relevant to preparing and fairly presenting financial statements.

2019

- General Fund and Special Revenue Fund Property and Other Local Taxes Cash Receipts were overstated by \$47,972 and \$510,060, respectively, and General Fund and Special Revenue Fund Intergovernmental Cash Receipts were understated by \$47,972 and \$510,060, respectively, due to improper recording of homestead and rollback receipts related to real estate and manufactured home.
- General Fund Licenses, Permits and Fees Cash Receipts and General Government Cash Disbursements were understated by \$63,086 due to recording cable franchise fees at net of the 2% Custodial Fund share rather than at gross.
- General Fund Transfers In and Transfers Out were overstated by \$10,000 due to not eliminating the transfer from the General Fund to the Miscellaneous Senior Center Nutrition Fund, which rolls into the General Fund on the financial statements.
- General Fund Unassigned Fund Cash Balance was overstated and Assigned Fund Cash was understated by \$79,496 and \$365,896 due to improper classification of encumbrances and due to improper classification of subsequent appropriations exceeding estimated receipts, respectively.
- Custodial Fund Licenses, Permits and Fees Operating Cash Receipts was understated by \$63,086, Fire Claims Operating Cash Receipts was understated by \$19,257, Miscellaneous Operating Cash Receipts was understated by \$36,545, and Miscellaneous Non-Operating Receipts was overstated by \$118,888 due to improper coding of Custodial Fund receipts in the accounting system.
- Custodial Fund Other Operating Cash Disbursements was overstated and Distributions to Local Cable Communications Board Operating Cash Disbursements was understated by \$47,992 due to recording quarterly disbursements to the Springfield Township Local Cable Communications Board, Inc. as Other Operating Cash Disbursements.
- Special Revenue Fund Capital Outlay Cash Disbursements and Inception of Lease Other Financing Receipts was understated by \$84,460 due to the Township not recording the activity of the Stryker Cots and Load Systems Lease entered in 2019.
- Capital Projects Fund Capital Outlay Cash Disbursements and SIB Loan Issued Other Financing Receipts was understated by \$3,202 due to the Township not recording the activity of the State Infrastructure Bank (SIB) Loan that the Ohio Department of Transportation (ODOT) disbursed on behalf of the Township in 2019.
- Special Revenue Fund Capital Outlay Cash Disbursements was overstated by \$49,941, Principal Retirement Cash Disbursements was understated by \$38,460, and Interest and Fiscal Charges Cash Disbursements was understated by \$11,481 due to improper recording of lease payments.
- General Fund Interest and Fiscal Charges Cash Disbursements was overstated and Public Works Cash Disbursements was understated by \$51,415 due to improper recording of road repair disbursements.

2018

- General Fund and Special Revenue Property and Other Local Taxes Cash Receipts were overstated by \$118,743 and \$62,366, respectively, General Fund General Government and Health Cash Disbursements were understated by \$25,579 and \$93,164, respectively, and Special Revenue Fund General Government Cash Disbursements were understated by \$62,366 due to recording real estate tax receipts at net rather than rather than at gross.
- General Fund and Special Revenue Fund Property and Other Local Taxes Cash Receipts were overstated by \$23,092 and \$250,189, respectively, and General Fund and Special Revenue Fund Intergovernmental Cash Receipts were understated by \$23,092 and \$250,189, respectively, due to improper recording of homestead and rollback receipts related to real estate.
- General Fund and Special Revenue Fund Intergovernmental Cash Receipts were overstated by \$657 and \$8,550, respectively, and General Fund and Special Revenue Fund Property and Other Local Taxes Cash Receipts were understated by \$657 and \$8,550, respectively due to improper recording of manufactured home receipts.
- General Fund Licenses, Permits and Fees Cash Receipts and General Government Cash Disbursements were understated by \$63,460 due to recording cable franchise fees at net of the 2% Agency Fund share rather than at gross.
- Special Revenue Fund Miscellaneous Cash Receipts was overstated and Intergovernmental Cash Receipts was understated by \$39,860 due to improper recording of Bureau of Workers' Compensation Safety and Hygiene receipts.
- General Fund Transfers In and Transfers Out were overstated by \$10,000 due to not eliminating the transfer from the General Fund to the Miscellaneous Senior Center Nutrition Fund, which rolls into the General Fund on the financial statements.
- General Fund Unassigned Fund Cash Balance was overstated and Assigned Fund Cash was understated by \$29,525 and \$215,911 due to improper classification of encumbrances and the improper classification of subsequent appropriations exceeding estimated receipts, respectively. In addition, due to various audit adjustments noted above, the General Fund Unassigned Fund Cash Balance was understated and the Special Revenue Restricted Fund Cash Balance was overstated by a net amount of \$570.
- Agency Fund Licenses, Permits and Fees Operating Cash Receipts was understated by \$63,460, Fire Claims Operating Cash Receipts was understated by \$32,000, Miscellaneous Operating Cash Receipts was understated by \$36,544, and Miscellaneous Non-Operating Receipts was overstated by \$132,004 due to improper coding of Agency Fund receipts in the accounting system.
- Agency Fund Other Operating Cash Disbursements was overstated and Distributions to Local Cable Communications Board Operating Cash Disbursements was understated by \$63,460 due to the Township improperly recording quarterly disbursements to the Springfield Township Local Cable Communications Board, Inc. as Other Operating Cash Disbursements.
- General Fund Capital Outlay Cash Disbursements was overstated by \$42,263, Principal Retirement Cash Disbursements was understated by \$35,952, and Interest and Fiscal Charges Cash Disbursements was understated by \$6,311 due to improper recording of lease payments.
- Special Revenue Fund Public Works Cash Disbursements was overstated by \$41,816, Principal Retirement Cash Disbursements was understated by \$40,859, and Interest and Fiscal Charges Cash Disbursements was understated by \$957 due to improper recording of lease payments.

Additionally, the 2019 and 2018 footnote disclosure included various errors and omissions. As an example, the 2019 and 2018 footnote disclosure did not define all significant funds, included incorrect risk management note, included improper budgetary activity amounts, and included incomplete leases/debt activity information. As the footnote disclosures are an integral part of the financial statements, complete and accurate footnote disclosure is imperative to the readers of the financial statements.

To help ensure the financial statements are presented properly, the Township should review the design, implementation and maintenance of internal control relevant to preparing and fairly presenting financial statements, and update and/or clarify the procedures and expected practices to help ensure proper reporting.

The Township should also review the Ohio Township Handbook and the Uniform Accounting Network (UAN) manual to help ensure receipts are posted to the proper fund and account.

In addition, to improve internal controls over the preparation and fair presentation of Township financial statements; the Township should review GASB 54 and AoS Bulletin 2011-004 to help ensure all funds and fund balances are properly classified, including year-end encumbrances and the subsequent fiscal year appropriations and estimated resources within the General Fund.

Furthermore, the Township should formally establish a Capital Projects Fund to properly record the SIB Loan activity.

Official's Response: The Township will review the design, implementation and maintenance of internal controls relevant to preparing and fairly presenting financial statements, and update and/or clarify the procedures and expected practices to help ensure proper reporting.

The Township will review the Ohio Township Handbook and the Uniform Accounting Network (UAN) manual to help ensure receipts are posted to the proper fund and account.

In addition, to improve internal controls over the preparation and fair presentation of Township financial statements, the Township will review GASB No. 54 and AoS Bulletin 2011-004 to help ensure all funds and fund balances are properly classified, including year-end encumbrances and the subsequent fiscal year appropriations and estimated resources within the General Fund.

Furthermore, the Township will formally establish a Capital Projects Fund to properly record the SIB Loan activity.

FINDING NUMBER 2019-003

Material Weakness – Cash Reconciliation Process Errors

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

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

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

Monthly bank to book reconciliations were not prepared timely or reviewed each month of 2018 and 2019. Failure to reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

In addition, the Fiscal Officer is responsible for preparing monthly receipt and disbursement reports, and the Board is responsible for reviewing the monthly receipt and disbursement reports. However, monthly receipt and disbursement reports were not prepared or reviewed each month of 2018 and 2019. Due to the former Fiscal Officer not performing her responsibilities, the Trustees were prevented from detecting errors as noted within Finding Number 2019-002.

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

Furthermore, the Fiscal Officer should prepare monthly receipt and disbursement reports as well as budget versus actual reports to help monitor and manage the Township including the reasons for budgetary amendments. The Board should document the review of these reports within the Board minutes.

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

The Fiscal Officer will also prepare monthly receipt and disbursement reports as well as budget versus actual reports to help monitor and manage the Township including the reasons for budgetary amendments. The Board will document the review of these reports within the Board minutes.

FINDING NUMBER 2019-004

Material Weakness – Interfund Advances

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.

Though no statutory provisions directly address inter-fund advances, requirements for advances are derived in part from Ohio Rev. Code §5705.10 (restriction on the purpose for which funds may be used); 5705.14, 5705.15, and 5705.16 (transfer of funds); 5705.39 (appropriations limited to estimated resources); 5705.41 (restriction on appropriation/ expenditure of money); and 5705.36 (certification of available revenue). Auditor of State Bulletin 1997-003 sets forth the requirements for inter-fund advances and provides additional guidance for recording such transactions.

These requirements state in part advances must be approved by a formal resolution of the taxing authority of the subdivision which must include a specific statement that the transaction is an advance of cash, and an indication of the money (fund) from which it is expected that repayment will be made due to the former Fiscal Officer not always presenting the request for advances to the Board of Trustees, none of the seven advances recorded in the accounting system during 2018 were approved by the Board, and only three of the five advances recorded in the accounting system during 2019 were approved by the Board.

In addition, one of the 2019 advances approved by the Board, mentioned above, was not properly recorded in the accounting system. The Board approved an advance of \$50,000 from the General Fund to the Special Levy EMS Fund (Special Revenue Fund); however, the \$50,000 advance from the General Fund was improperly recorded to the Fire District Fund (Special Revenue Fund) in the accounting system.

Furthermore, during 2019, the Board approved an advance repayment of \$65,000 to the General Fund from the Spartan Walking Trail Grant Fund (Special Revenue Fund), but the advance repayment was not recorded in the accounting system in 2019. The financial statements and footnote disclosure were adjusted to reflect correction of this error.

The Township should ensure all initial advances are properly approved by formal resolution. This would help clarify the Board's intent with respect to these transactions and help avoid the appearance of noncompliance with applicable Ohio Rev. Code sections. In addition, the Township should implement procedures to help ensure all advances and repayments of advances are properly recorded in the accounting system upon formal Board approval.

Official's Response: The Township will ensure all initial advances are properly approved by formal resolution. In addition, the Township will implement procedures to help ensure all advances and repayments of advances are properly recorded in the accounting system upon formal Board approval.

OTHER – FINDINGS FOR RECOVERY

FINDING NUMBER 2019-005

Finding for Recovery - Unapproved Pay Raise, Leave Benefits and Additional Hours

The Board of Trustees is responsible for approving the number of hours an employee works, the hourly wages, and the accrual of leave as well as all raises and leave benefits for every position. The Board approved the Assistant to the Fiscal Officer, Catherine Dobson, to work 20 hours per week on May 12, 2016, and the Board approved the Assistant to the Fiscal Officer to increase the hours not to exceed 32 hours per week effective November 9 on November 8, 2018; however, the Board did not approve full-time status, allowing the accrual and usage of leave. Additionally, the Board did not approve to increase the Assistant to the Fiscal Officer hourly rate to \$15 per hour (a \$2.05 hourly rate increase).

In 2019, the Assistant to the Fiscal Officer was overpaid \$2,978 as a result of being paid for 1,453 hours worked at the unapproved \$2.05 increased hourly rate, and was overpaid \$2,902 as result of being paid for 193.5 hours of (holiday, floating holiday, sick, and personal) leave used at the hourly rate of \$15.00 per hour. The total amount overpaid to the Assistant to the Fiscal Officer was \$5,880.

In 2020, the Assistant to the Fiscal Officer was overpaid \$861 as a result of being paid for 420.25 hours worked at the unapproved \$2.05 increased hourly rate, and was overpaid \$2,572 as a result of being paid for 171.5 hours of (holiday, floating holiday, sick, personal, and vacation) leave used at the hourly rate of \$15.00 per hour. The total amount overpaid to the Assistant to the Fiscal Officer was \$3,433.

In 2018, the Assistant to the Fiscal Officer was overpaid \$2,162 due to working 167 hours in excess of the hours the Board approved per week

In 2019, the Assistant to the Fiscal Officer was overpaid \$1,657 due to working 128 hours in excess of the hours the Board approved per week.

In 2020, the Assistant to the Fiscal Officer was overpaid \$246 due to working 19 hours in excess of the hours the Board approved per week.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Assistant to the Fiscal Officer Cathy Dobson and in favor of the Springfield Township General Fund in the amount of \$9,313. In addition, in accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the Fiscal Officer Sharon Harms and in favor of the Springfield Township General Fund in the amount of \$4,065. A Finding for Recovery is not being issued against Assistant to the Fiscal Officer Cathy Dobson for the hours worked in excess of the hours the board approved because Cathy Dobson worked the hours for which she was paid.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. Seward v. National Surety Corp. (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten (1985), 18 Ohio St. 3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. See 1980 Op. Att’y Gen. No. 80-074.

The former Township Fiscal Officer, Sharon Harms, authorized the payrolls resulting in improper payments. Sharon Harms and her bonding company, Travelers Casualty and Surety Company of America, will be jointly and severally liable with Cathy Dobson in the amount of \$9,313 in favor of the Springfield Township General Fund and jointly and severally liable among themselves in the amount of \$4,065 in favor of the Springfield Township General Fund.

The Township should implement procedures to help ensure employees are paid the proper hourly rate and leave benefits in accordance with what the Board approves. The Township should also implement procedures to help ensure employees only work the number of hours approved by the Board. If it is deemed necessary for an employee to work additional hours, the additional hours should be approved by the Board.

Official’s Response: The Township will implement procedures to help ensure employees are paid the proper hourly rate and leave benefits in accordance with what the Board approves. The Township will also implement procedures to help ensure employees only work the number of hours approved by the Board. If it is deemed necessary for an employee to work additional hours, the additional hours will be approved by the Board.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Various adjustments to the Financial Statements including Homestead and Rollback revenue, Property Tax revenue, Fund-Balance Classifications, and Transfers, as well as Footnote Disclosures.	Not Corrected	The findings were not corrected by the former Fiscal Office staff. The new Fiscal Office staff will review and implement Auditor of State recommendations for future reporting periods.
2017-002	Ohio Rev. Code § 5705.41(b), disbursements exceeding appropriations	Fully Corrected	None
2017-003	Ohio Rev. Code § 5705.39, appropriations exceeding total resources	Fully Corrected	None

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OHIO AUDITOR OF STATE KEITH FABER



SPRINGFIELD TOWNSHIP

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/29/2020

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

This report is a matter of public record and is available online at
www.ohioauditor.gov