

***SOUTHINGTON TOWNSHIP***

***TRUMBULL COUNTY***

Regular Audit

For the Years Ended December 31, 2022 and 2021







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Board of Trustees  
Southington Township  
3419 State Route 534  
Southington, OH 44470

We have reviewed the *Independent Auditor's Report* of the Southington Township, Trumbull County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Southington Township is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

September 22, 2023

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*Southington Township  
Trumbull County  
For the Years Ended December 31, 2021 and 2022*

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**Charles E. Harris & Associates, Inc.**

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**INDEPENDENT AUDITOR'S REPORT**

Southington Township  
Trumbull County  
3419 State Route 534  
Southington, OH 44470

To the Board of Trustees:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of Southington Township, Trumbull County, Ohio (the Township), which comprise the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 12 to the 2021 and 2022 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinions regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



*Charles E. Harris & Associates, Inc.*  
July 27, 2023

**Southington Township**  
**Trumbull County**  
*Combined Statement of Receipts, Disbursements, and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2022*

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Permanent</b>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 66,962	\$ 235,473	\$ -	\$ -	\$ 302,435
Charges for Services	-	35,603	-	-	35,603
Licenses, Permits, and Fees	35,605	10,675	-	-	46,280
Intergovernmental	79,016	408,654	-	-	487,670
Earnings on Investments	1,495	195	-	-	1,690
Miscellaneous	5,027	23,910	-	-	28,937
<i>Total Cash Receipts</i>	188,105	714,510	-	-	902,615
<b>Cash Disbursements:</b>					
Current:					
General Government	164,326	23,039	-	-	187,365
Public Safety	-	274,092	-	-	274,092
Public Works	1,819	286,688	-	-	288,507
Health	5,600	15,919	-	-	21,519
Conservation-Recreation	47	-	-	-	47
Debt Service:					
Principal Retirement	-	31,989	-	-	31,989
Interest and Other Fiscal Charges	-	12,961	-	-	12,961
<i>Total Cash Disbursements</i>	171,792	644,688	-	-	816,480
<i>Net Change in Fund Cash Balances</i>	16,313	69,822	-	-	86,135
<i>Fund Cash Balances, January 1</i>	173,522	911,282	224	105	1,085,133
<i>Fund Cash Balances, December 31</i>	\$ 189,835	\$ 981,104	\$ 224	\$ 105	\$ 1,171,268

*The accompanying notes are an integral part of these financial statements.*

**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Southington Township, Trumbull 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.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. Note 6 to the financial statements provides additional information for this entity.

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

**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, which is organized on a fund type basis.

***Fund Accounting***

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

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

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

***Gasoline Tax Fund*** The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***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 Projects Fund:

***Miscellaneous Capital Projects Fund*** The miscellaneous capital projects fund accounts for and reports resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**Permanent Funds** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the Township or its citizenry). The Township had the following significant Permanent Fund:

**Cemetery Endowment Fund** – The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

***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 (C). 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 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund 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 2022 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.

***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.

**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 188,105	\$ 188,105
Special Revenue	-	714,510	714,510
Capital Projects	-	-	-
Permanent	-	-	-

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 170,000	\$ 182,228	\$ (12,228)
Special Revenue	914,777	646,998	267,779
Capital Projects	224	-	224
Permanent	105	-	105

**Compliance**

Contrary to Ohio Revised Code Section 5705.36, the Township did not certify resources with the County. Contrary to Ohio Revised Code Section 5705.39, the Township had appropriations greater than estimated resources in several funds. Contrary to Ohio Revised Code Section 5705.41(B), budgetary expenditures exceeded appropriation authority in several funds. Contrary to Ohio Revised Code Section 5705.41(D), the Township did not make the proper certification of funds for 14% of tested disbursements.

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit accounts are as follows:

	2022
Demand deposits	\$ 1,169,768
Certificates of deposit	1,500
Total deposits	1,171,268

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township did not have any unremitted employee payroll withholdings.

**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 4 – Deposits and Investments (continued)**

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Township, 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.

**Note 5 – Property Taxes**

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

Public utilities are also taxed on personal and real property located within the Township. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Township 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 and casualty
- Automobile liability
- Public official's liability
- Vehicles
- Cyber
- Property
- Law enforcement liability
- Equipment breakdown

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

**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 6 – Risk Management (continued)**

	2021
Cash and investments	\$34,880,599
Actuarial liabilities	10,601,444

**Note 7 - Defined Benefit Pension Plan**

*Ohio Public Employees Retirement System*

All 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 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, 2022.

**Note 8 – Postemployment Benefits**

OPERS offers a 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% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
Middlefield Bank - Sutphen Pumper Truck	\$307,268	3.66%

The Middlefield Bank financed purchase is for a custom Sutphen pumper truck for the Fire Department. The financed purchase amount of \$369,959 will be repaid from the Fire District fund in yearly installments over ten years with an interest rate of 3.66% starting in 2021.



**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 9 – Debt (continued)**

Year Ending December 31:	Sutphen Pumper Truck
2023	\$ 45,747
2024	45,747
2025	45,747
2026	45,747
2027	45,747
2028-2032	137,243
Total	<u>\$ 365,978</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.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpended corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:				
Corpus	\$ -	\$ -	\$ 105	\$ 105
Outstanding Encumbrances	10,436	2,310	-	12,746

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds is restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, or assigned amounts in the special revenue, capital projects and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

**Southington Township**  
**Trumbull County**  
*Combined Statement of Receipts, Disbursements, and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2021*

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Permanent</b>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 66,382	\$ 233,686	\$ -	\$ -	\$ 300,068
Charges for Services	-	42,264	-	-	42,264
Licenses, Permits, and Fees	36,951	10,525	-	-	47,476
Intergovernmental	67,592	369,969	-	-	437,561
Earnings on Investments	1,399	354	-	-	1,753
Miscellaneous	21,191	92,747	-	-	113,938
<i>Total Cash Receipts</i>	193,515	749,545	-	-	943,060
<b>Cash Disbursements:</b>					
Current:					
General Government	154,723	99	-	-	154,822
Public Safety	-	278,650	-	-	278,650
Public Works	2,310	294,253	-	-	296,563
Health	5,434	15,063	-	-	20,497
Debt Service:					
Principal Retirement	-	47,695	-	-	47,695
Interest and Other Fiscal Charges	-	14,733	-	-	14,733
<i>Total Cash Disbursements</i>	162,467	650,493	-	-	812,960
<i>Excess of Receipts Over/(Under) Disbursements</i>	31,048	99,052	-	-	130,100
<b>Other Financing Receipts (Disbursements):</b>					
Sale of Capital Assets	-	6,805	-	-	6,805
<i>Total Other Financing Receipts/(Disbursements)</i>	-	6,805	-	-	6,805
<i>Net Change in Fund Cash Balances</i>	31,048	105,857	-	-	136,905
<i>Fund Cash Balances, January 1, Restated</i>	142,474	805,425	224	105	948,228
<i>Fund Cash Balances, December 31</i>	\$ 173,522	\$ 911,282	\$ 224	\$ 105	\$ 1,085,133

**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Southington Township, Trumbull 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.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. Note 6 to the financial statements provides additional information for this entity.

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

**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, which is organized on a fund type basis.

***Fund Accounting***

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

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

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

***Gasoline Tax Fund*** The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Road and Bridge Fund*** The road and bridge fund accounts for and reports receipts of property tax money restricted for the purpose of constructing, maintaining and repairing Township roads and bridges.

***Fire District Fund*** The fire district fund accounts for and reports receipts of property tax money and other miscellaneous receipts restricted for the purpose of funding the fire district.

**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**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 Projects Fund:

**Miscellaneous Capital Projects Fund** The miscellaneous capital projects fund accounts for and reports resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Permanent Funds** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the Township or its citizenry). The Township had the following significant Permanent Fund:

**Cemetery Endowment Fund** – The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

**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 (C). 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 (C) permit.

**Budgetary Process**

The Ohio Revised Code requires that each fund 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 2021 budgetary activity appears in Note 3.

**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***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.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 112,229	\$ 193,515	\$ 81,286
Special Revenue	440,685	756,350	315,665
Capital Projects	-	-	-
Permanent	-	-	-

  

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 192,500	\$ 162,467	\$ 30,033
Special Revenue	1,214,756	650,493	564,263
Capital Projects	224	-	224
Permanent	105	-	105

**Compliance**

Contrary to Ohio Revised Code Section 5705.39, the Township had appropriations greater than estimated resources in several funds. Contrary to Ohio Revised Code Section 5705.41(D), the Township did not make the proper certification of funds for 12% of tested disbursements.

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit accounts are as follows:

	2021
Demand deposits	\$1,083,633
Certificates of deposit	1,500
Total deposits	1,085,133

**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 4 – Deposits and Investments (continued)**

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township did not have any unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Township, 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.

**Note 5 – Property Taxes**

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

Public utilities are also taxed on personal and real property located within the Township. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Township 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 and casualty
- Automobile liability
- Public official's liability
- Vehicles
- Cyber
- Property
- Law enforcement liability
- Equipment breakdown

**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6 – Risk Management (continued)**

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

	2021
Cash and investments	\$34,880,599
Actuarial liabilities	10,601,444

**Note 7 - Defined Benefit Pension Plan**

*Ohio Public Employees Retirement System*

All 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 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, 2021.

**Note 8 – Postemployment Benefits**

OPERS offers a 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% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2021.

**Note 9 – Debt**

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Middlefield Bank - Sutphen Pumper Truck	\$ 339,257	3.66%

The Middlefield Bank capital lease is for a custom Sutphen pumper truck for the Fire Department. The capital lease amount of \$369,959 will be repaid from the Fire District fund in yearly installments over ten years with an interest rate of 3.66% starting in 2021.



**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 9 – Debt (continued)**

*Amortization*

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

Year Ending December 31:	Sutphen Pumper Truck
2022	\$ 45,747
2023	45,747
2024	45,747
2025	45,747
2026	45,747
2027-2031	<u>182,990</u>
Total	<u>\$ 411,725</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.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balance of this amount was as follows:

<u>Fund Balances</u>	<u>Permanent</u>
Nonspendable:	
Corpus	\$ 105

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds is restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, or assigned amounts in the special revenue, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

**Southington Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 13 – Prior Period Adjustment**

The January 1, 2021 fund balance increased by \$70 in the General Fund and \$5,000 in the Special Revenue Fund due to voided checks.

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

Southington Township  
Trumbull County  
3419 State Route 534  
Southington, OH 44470

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of Southington Township, Trumbull County, (the Township) and have issued our report thereon dated July 27, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2022-001 and 2022-002 to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2022-003, 2022-004, 2022-005, and 2022-006.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 27, 2023.

***Township's Responses to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



*Charles E. Harris & Associates, Inc.*  
July 27, 2023

**Southington Township**  
**Trumbull County**  
*Schedule of Findings*  
*December 31, 2022 and 2021*

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

**Finding Number: 2022-001 – Material Weakness**

Recording of Transactions and Audit Adjustments

During 2022 and 2021, the Township erroneously recorded numerous transactions. The more significant adjustments are as follows:

- In 2021, recorded \$11,591 of General Fund and \$10,944 of Special Revenue Fund grants as miscellaneous receipts instead of intergovernmental receipts. In 2022, the mis-posting was \$19,502 in the General Fund and \$49,638 in the Special Revenue Fund.
- In 2021 and 2022, recorded \$33,204 and \$33,783, respectively, of General Fund cable franchise fees as miscellaneous revenues instead of licenses, permits, and fees.
- In 2021 and 2022, recorded \$47,695 and \$31,989, respectively, of Special Revenue Fund debt payments as interest and other fiscal charges instead of separately classifying principal and interest.
- In 2021, recorded \$9,549 of General Fund and \$27,207 in Special Revenue Fund Homestead and Rollbacks as property tax revenue rather than intergovernmental revenue. In 2022, the mis-posting was \$9,597 in the General Fund and \$27,315 in the Special Revenue Fund.
- In 2021 and 2022, recorded \$3,747 and \$1,822, respectively, of General Fund zoning permits as miscellaneous revenues instead of licenses, permits, and fees.
- In 2021, recorded \$6,805 of Special Revenue Fund sale of equipment as miscellaneous revenues instead of sale of capital assets.
- The Township budgetary footnotes were modified due to the client presenting information that was not final for the budgeted amounts in Note 3. The Township debt footnotes were modified to present accurate principal and interest balances in Note 9. Other changes were necessary to correct various other items in the footnotes.

The accompanying financial statements and the Township’s records have been adjusted to properly reflect these transactions. Various other immaterial posting errors were also noted and brought to the attention of management.

Failure to report transactions correctly results in the financial statements not being accurately presented. We recommend that the Fiscal Officer refer to the Ohio Township Handbook, the Uniform Accounting Network (UAN) manual, and other Auditor of State guidance to properly classify its transactions. In addition, we recommend the Fiscal Officer review all financial reports compiled by UAN to ensure their accuracy, including the budgetary information.

**Management’s Response:**

See Corrective Action Plan

**Southington Township**  
**Trumbull County**  
*Schedule of Findings (Continued)*  
*December 31, 2022 and 2021*

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)
--

**Finding Number 2022-002 – Material Weakness**

**Posting budgetary amounts**

Appropriations and estimated resources amounts were posted to the Township's accounting system, however in some instances, amounts posted to the accounting system did not agree to final appropriations and certificates of estimated resources approved by the Board of Trustees and the County. The following variances were noted between appropriations and certificates approved by the Board compared to budgeted disbursements and estimated receipts entered into the Township's accounting system:

- In 2022, total General fund appropriations were overstated in the system by \$40,000.
- In 2022, total Special Revenue fund appropriations were overstated in the system by \$126,085.
- In 2022, total Capital Projects fund appropriations were understated in the system by \$224.
- In 2022, total General fund budgeted receipts were overstated in the system by \$191,375.
- In 2022, total Special Revenue fund budgeted receipts were overstated in the system by \$741,382.
- In 2022, total Capital Projects fund budgeted receipts were overstated in the system by \$224.
- In 2021, total General fund appropriations were overstated in the system by \$5,900.
- In 2021, total Special Revenue fund appropriations were understated in the system by \$70,145.
- In 2021, total Capital Projects fund appropriations were understated in the system by \$224.
- In 2021, total General fund budgeted receipts were overstated in the system by \$56,230.
- In 2021, total Special Revenue fund budgeted receipts were overstated in the system by \$4,308.

The budgetary amounts in the footnotes were corrected.

In order to improve budgetary control and the accuracy of budget versus actual information generated by the Township's accounting system, the Township should accurately and timely record in the accounting system all budgeted receipts and appropriations as well as any subsequent amendments.

**Management's Response:**

See Corrective Action Plan

**Finding Number: 2022-003 - Noncompliance**

**Certification of Expenditures**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**Southington Township**  
**Trumbull County**  
*Schedule of Findings (Continued)*  
*December 31, 2022 and 2021*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</b>
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**Finding Number: 2022-003 – Noncompliance (continued)**

**Certification of Expenditures (continued)**

1. “Then and Now Certificates” – If the fiscal officer can certify that both at the time that contract or order was made (“then”) and at the time that the fiscal officer was completing the certification (“now”), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for payment of the amount due. The Township has thirty days from the receipt of the “then and now” certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificates - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificates – The Township may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not make the proper certification of funds for 14% and 12% of the disbursements tested for 2022 and 2021, respectively. Incurring obligations prior to the fiscal officer’s certification could result in the Township spending more than appropriated.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s expenditures exceeding budgetary spending limitations, we recommend that the Township certify expenditures prior to incurring the liability. The Township may use then and now certificates and blanket purchase orders to assist with compliance with the above requirements.

**Management Response:**

See Corrective Action Plan.

**Southington Township**  
**Trumbull County**  
*Schedule of Findings (Continued)*  
*December 31, 2022 and 2021*

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)
--

**Finding Number: 2022-004 – Noncompliance**

**Budgetary - Appropriations Exceed Estimated Resources**

Ohio Rev. Code § 5705.39 prohibits appropriations from exceeding estimated resources. For the year ended December 31, 2021, the cemetery, fire district and coronavirus relief funds (Special Revenue funds) had appropriations which exceed estimated resources by \$9,688, \$48,829 and \$78,197, respectively. Also, appropriations exceeded estimated resources in the cemetery fund (Special Revenue fund) for the year ended December 31, 2022 by \$9,875.

We recommend that the Township monitor its budgetary information and approve amendments, if necessary, to prevent appropriations from exceeding estimated resources.

**Management Response:**

See Corrective Action Plan.

**Finding Number: 2022-005 – Noncompliance**

**Budgetary - Expenditures Exceeding Appropriations**

Ohio Rev. Code § 5705.41(B) prohibits budgetary disbursements (disbursements plus certified commitments) from exceeding appropriations. The General fund disbursements exceeded appropriations by \$12,228 and the gasoline tax and road and bridge funds (Special Revenue Funds) had disbursements exceed appropriations by \$60,987 and \$4,501, respectively, for the year ended December 31, 2022.

We recommend that the Township monitor its budgetary activity and approve amendments, if necessary, to prevent disbursements from exceeding appropriations.

**Management Response:**

See Corrective Action Plan.

**Finding Number: 2022-006 – Noncompliance**

**Certificate of Estimated Resources**

Ohio Revised Code Section 5705.36 states that on or about the first day of each fiscal year, the Fiscal Officer of the Township shall certify to the County Auditor the total amount from all sources available for expenditures from each fund set up in the tax budget. The amount certified shall include any unencumbered balances that existed at the end of the preceding year.

In 2022, the Township did not complete a Certificate of Estimate Resources and submit it to the county auditor for certification. Also, during our audit, we noted the beginning unencumbered balances on the official certificates of estimated resources did not match the actual beginning figures per the Township's accounting system, as described in Finding 2022-002.



**Southington Township**  
**Trumbull County**  
*Schedule of Findings (Continued)*  
*December 31, 2022 and 2021*

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)
--

**Finding Number: 2022-006 – Noncompliance (continued)**

**Certificate of Estimated Resources (continued)**

We recommend that the Township file the necessary certificate of estimated resources to the county auditor by the required date to ensure that the Township has adequate funds to cover the expenditures necessary to run the Township. Also, in order to ensure certified resources are accurate and meet all budgetary requirements, we recommend the Township review accounting records and ensure proper figures are reported to the County Auditor.

**Management Response:**

See Corrective Action Plan.

**Southington Township**  
**Trumbull County**  
*Schedule of Prior Audit Findings*  
*For the Years Ended December 31, 2022 and 2021*  
*Prepared by Management*

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	Material Weakness – Recording of Transactions and Audit Adjustments	Not Corrected	
2020-002	Material Weakness – Posting Budgetary Amounts	Not Corrected	
2020-003	Noncompliance – Certification of Expenditures	Not Corrected	
2020-004	Noncompliance - Appropriations Exceed Estimated Resources	Not Corrected	
2020-005	Noncompliance – Expenditures Exceeding Appropriations	Not Corrected	

**Southington Township**  
**Trumbull County**  
*Corrective Action Plan*  
*For the Years Ended December 31, 2022 and 2021*  
*Prepared by Management*

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2022-001	We will continue to work on recording receipts and payments to the proper classifications.	Immediately	Michelle Hall, Fiscal Officer
2022-002	We will work to ensure accurately post budget amounts to the system in a timely manner.	Immediately	Michelle Hall, Fiscal Officer
2022-003	We will continue to ensure that we properly certify the availability of funds for all expenditures before a purchase is made.	Immediately	Michelle Hall, Fiscal Officer
2022-004	We will monitor budgetary information and approve any necessary amendments to prevent appropriations from exceeding estimated resources.	Immediately	Michelle Hall, Fiscal Officer
2022-005	We will monitor budgetary information and approve any necessary amendments to prevent disbursements from exceeding appropriations.	Immediately	Michelle Hall, Fiscal Officer
2022-006	We will ensure that certificates are sent into the county auditor and that the amounts on the certificates reflect our system.	Immediately	Michelle Hall, Fiscal Officer

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# OHIO AUDITOR OF STATE KEITH FABER



**SOUTHINGTON TOWNSHIP**

**TRUMBULL 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 10/5/2023**

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

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