



Dave Yost • Auditor of State

**BOARDMAN TOWNSHIP
MAHONING COUNTY
DECEMBER 31, 2017**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Fiscal Year Ended December 31, 2017	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Fiduciary Fund Types - For the Fiscal Year Ended December 31, 2017	4
Notes to the Financial Statements For the Year Ended December 31, 2017.....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	19

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Boardman Township
Mahoning County
8299 Market Street
Boardman, Ohio 44512

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 Boardman Township, Mahoning County, Ohio (the Township) as of and for the year ended December 31, 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2018 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 1, 2018

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Local Taxes	\$5,195,222	\$8,128,869			\$13,324,091
Licenses, Permits and Fees	348,451	56,097			404,548
Intergovernmental	1,034,690	1,562,675		\$145,062	2,742,427
Special Assessments		298,843			298,843
Earnings on Investments	26,053	4,524			30,577
Miscellaneous	128,004	447,741			575,745
<i>Total Cash Receipts</i>	<u>6,732,420</u>	<u>10,498,749</u>	<u>\$ -</u>	<u>145,062</u>	<u>17,376,231</u>
Cash Disbursements					
Current:					
General Government	1,596,241				1,596,241
Public Safety		12,752,823			12,752,823
Public Works	10,000	3,256,204			3,266,204
Health	260,340	3,283			263,623
Capital Outlay	70,732	322,658		2,472,010	2,865,400
Debt Service:					
Principal Retirement			152,438		152,438
Interest and Fiscal Charges			1,408		1,408
<i>Total Cash Disbursements</i>	<u>1,937,313</u>	<u>16,334,968</u>	<u>153,846</u>	<u>2,472,010</u>	<u>20,898,137</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,795,107</u>	<u>(5,836,219)</u>	<u>(153,846)</u>	<u>(2,326,948)</u>	<u>(3,521,906)</u>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds				1,693,769	1,693,769
Transfers In		5,398,322	142,417	278,564	5,819,303
Transfers Out	(5,819,303)				(5,819,303)
Advances In	1,407,382	540,995		866,387	2,814,764
Advances Out	(1,407,382)	(540,995)		(866,387)	(2,814,764)
Other Financing Sources		63,181		354,479	417,660
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,819,303)</u>	<u>5,461,503</u>	<u>142,417</u>	<u>2,326,812</u>	<u>2,111,429</u>
<i>Net Change in Fund Cash Balances</i>	(1,024,196)	(374,716)	(11,429)	(136)	(1,410,477)
<i>Fund Cash Balances, January 1</i>	<u>\$5,251,096</u>	<u>\$2,225,286</u>	<u>\$235,304</u>	<u>\$14,684</u>	<u>\$7,726,370</u>
Fund Cash Balances, December 31					
Restricted		1,839,570	223,875	14,548	2,077,993
Committed		11,000			11,000
Assigned	2,459,115				2,459,115
Unassigned (Deficit)	1,767,785				1,767,785
<i>Fund Cash Balances, December 31</i>	<u>\$4,226,900</u>	<u>\$1,850,570</u>	<u>\$223,875</u>	<u>\$14,548</u>	<u>\$6,315,893</u>

See accompanying notes to the financial statements

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

	<u>Agency</u>	<u>Private Purpose Trust</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts			
Fines and Forfeitures	\$20		\$20
Miscellaneous	16,946		16,946
<i>Total Operating Cash Receipts</i>	<u>16,966</u>	<u>\$0</u>	<u>16,966</u>
Operating Cash Disbursements			
Salaries	3,302		3,302
Employee Fringe Benefits	491		491
Purchased Services	18,863		18,863
Supplies and Materials	1,030		1,030
Other	8,200	79	8,279
<i>Total Operating Cash Disbursements</i>	<u>31,886</u>	<u>79</u>	<u>31,965</u>
<i>Operating Income (Loss)</i>	<u>(14,920)</u>	<u>(79)</u>	<u>(14,999)</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	227,538		227,538
Miscellaneous Receipts	60,542		60,542
Principal and Interest	(227,538)		(227,538)
Other Financing Sources	18,389		18,389
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>78,931</u>	<u>0</u>	<u>78,931</u>
<i>Net Change in Fund Cash Balance</i>	64,011	(79)	63,932
<i>Fund Cash Balances, January 1</i>	<u>12,046</u>	<u>4,421</u>	<u>16,467</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$76,057</u></u>	<u><u>\$4,342</u></u>	<u><u>\$80,399</u></u>

See accompanying notes to the financial statements

Boardman Township
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1 – REPORTING ENTITY

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

On October 12, 1999, the Board of Trustees passed a resolution that was to take effect on November 11, 1999, establishing Boardman Township as a “limited home rule government” and “urban township” as authorized by Chapter 504 of the Ohio Revised Code. This enabled the Township to exercise limited powers of local self-government and limited police powers.

Jointly Governed Organizations, Public Entity Risk Pools, Component Units and Related Organizations

The Township participates in jointly governed organizations, a public entity risk pool, has a component unit and is associated with a related organization. Notes 6 and 11-13 to the financial statements provides additional information for these entities. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

Jointly Governed Organizations:

The Township has entered into an agreement with Austintown Township and Canfield Township to form the ABC Water District. The District was formed to efficiently provide for construction, operation, maintenance and financing of storm water management facilities.

The Township has entered into an agreement with Austintown Township and the Mahoning County Sheriff’s Department to form the Austintown-Boardman-Mahoning County Joint Communications District. The District was formed to efficiently provide communications for and between entities and other non-member jurisdictions for the protection of the residents of Mahoning County.

Public Entity Risk Pool:

The Township is a member of the Ohio Township Association Risk Management Authority, a risk-sharing pool.

Component Unit:

The Township signed a petition that was executed and delivered by Southern Park Mall, LLC, and has created the Energy Special Improvement District. The District was formed to provide the financing for improvements of Southern Park Mall, LLC parcels of real property.

Related Organization:

The Trustees appoint a three-member Board of Commissioners to govern the Boardman Township Park District. The Trustees accountability is limited to the appointment of the Board of Commissioners. The Park Commissioners are authorized to acquire, develop, protect, maintain and improve park lands and facilities.

Boardman Township
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

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

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

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

Special Levy Police Fund – This fund receives property tax money to provide police protection for Township residents.

Special Levy Fire Fund - This fund receives property tax money to provide fire protection for Township residents.

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

Fire Truck Fund - This fund is used to make annual capital lease debt service obligation payments.

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:

Capital Projects Fund - The Township uses this fund to make necessary capital improvements with grants and transfers in from the General Fund.

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

The Township's private purpose trust fund is for the benefit of certain cemetery lots.

Boardman Township
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 agency funds account for monies received from the United States Marshall Service, Fire Loss Proceeds, ABC Water District and the Electric Special Improvement District (ESID).

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

Boardman Township
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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.

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.

Boardman Township
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 3 – BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,870,944	\$6,732,420	(\$138,524)
Special Revenue	15,877,028	15,960,252	83,224
Debt Service	249,856	142,417	(107,439)
Capital Projects	3,150,000	2,471,874	(678,126)
Private Purpose Trust	0	0	0
Total	\$26,147,828	\$25,306,963	(\$840,865)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$10,541,620	\$7,774,813	\$2,766,807
Special Revenue	17,194,203	16,665,559	528,644
Debt Service	159,561	153,846	5,715
Capital Projects	3,295,062	2,476,162	818,900
Private Purpose Trust	2,500	79	2,421
Total	\$31,192,946	\$27,070,459	\$4,122,487

NOTE 4 – DEPOSITS AND INVESTMENTS

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

	2017
Demand deposits	\$6,328,825
Other time deposits (savings and NOW accounts)	2,939
Total deposits	6,331,764
STAR Ohio	64,528
Total investments	64,528
Total deposits and investments	\$6,396,292

Boardman Township
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

The Township's deposits are collateralized by the financial institution's public entity deposit pool. The financial institution is in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained its own collateral pool.

Investments

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

NOTE 5 – PROPERTY TAXES

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

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

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

NOTE 6 – RISK MANAGEMENT

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

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

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

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Boardman Township
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 6 – RISK MANAGEMENT (Continued)

Financial Position

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

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

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$58,000.

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

<u>2017 Contributions to OTARMA</u>
\$130,763

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Some 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 while OPERS public safety and law enforcement members contributed 12% and 13%, respectively, of their gross salaries while the Township contributed an amount equaling 18.10%. The Township has paid all contributions required through December 31, 2017.

Boardman Township
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

Ohio Police and Fire Retirement System

The Township’s certified Fire Fighters and full-time Police Officers belong to the 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages and 24 percent of full-time fire fighters’ wages, respectively. The Township has paid all contributions required through December 31, 2017.

NOTE 8 – POSTEMPLOYMENT 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 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

NOTE 9 – DEBT

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

	Principal	Interest Rate
Fire Truck Capital Lease	\$272,224	3.00%
OPWC Loan	587,700	0.00%
OPWC Loan	182,870	0.00%
Boardman School Note	231,000	0.00%
New Fire Station	3,000,000	2.53%
Vactor Truck	354,479	2.73%
Total	\$4,628,273	

The Township has an existing loan for a fire truck purchased in 2012 and The Ohio Public Works Commission Loans that are interest free issued to finance Infrastructure and paving projects.

The Township partnered with First National Bank to finance a new Fire Station issuing a General Obligation Bond. The Township also purchased a Vactor truck for the road department in 2017. The Township also has a loan for land purchased in a land swap with Boardman Schools.

Boardman Township
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 9 – DEBT (Continued)

Amortization

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

Year Ending December 31:	Vactor Capital Leases	Fire Truck	OPWC Loan	OPWC Loan	School Note	New Fire Station Loan
2018	\$76,806	\$113,542	\$32,650	\$11,429	\$28,875	\$96,042
2019	76,806	113,542	32,650	11,429	28,875	192,084
2020	76,806	56,771	32,650	11,429	28,875	192,084
2021	76,806	0	32,650	11,429	28,875	192,084
2022	76,808	0	32,650	11,429	28,875	192,084
2023-2027	0	0	163,250	57,147	86,625	2,596,842
2028-2032	0	0	163,250	57,147	0	0
2033-2035	0	0	97,950	11,431	0	0
Total	<u>\$384,032</u>	<u>\$283,855</u>	<u>\$587,700</u>	<u>\$182,870</u>	<u>\$231,000</u>	<u>\$3,461,220</u>

NOTE 10 – CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The Township is in the process of building a new fire station for which it took out General Obligation Permanent Improvement Bonds of \$3,000,000. As of December 31, 2017 \$1,693,769 was drawn-down from the bonds for work relating to the fire station. The Township expects to draw the full principal amount of the Bonds to pay the costs of the project no later than February 1, 2018.

NOTE 11 - COMPONENT UNIT

The Township signed a petition that was executed and delivered by Southern Park Mall, LLC, and has created the Energy Special Improvement District. The District was formed to provide the financing for public improvements of Southern Park Mall, LLC parcels of real property and will promote the welfare of the people of the Township by providing energy improvements and promoting energy efficiency. The Township will appoint the Township Administrator and Fiscal Officer to the Board of Directors. The Township has created an agency fund to account for the receipts and disbursements of the Energy Special Improvement District.

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

The Township has entered into an agreement with Austintown Township and Canfield Township to form the ABC Water District. The District was formed to efficiently provide for construction, operation, maintenance and financing of storm water management facilities. Each Township will appoint one member to the three member board. Each Township will be equally responsible for the funding and maintenance of the District.

The Township has entered into an agreement with Austintown Township and the Mahoning County Sheriff's Department to form the Austintown-Boardman-Mahoning County Joint Communications District. The District was formed to efficiently provide communications for and between entities and other nonmember jurisdictions for the protection of the residents of Mahoning County. Each entity will appoint one member to the three member board. Member entities will be responsible for the funding and maintenance of the District.

Boardman Township
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 13 - RELATED ORGANIZATION

The Trustees appoint a three-member Board of Commissioners to govern the Boardman Township Park District. The Trustees accountability is limited to the appointment of the Board of Commissioners. The Park Commissioners are authorized to acquire, develop, protect, maintain and improve park lands and facilities. The Park District is fiscally autonomous from the Township. There were no related party transactions identified between the Park District and the Township.



Dave Yost • Auditor of State

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

Boardman Township
Mahoning County
8299 Market Street
Boardman, Ohio 44512

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 Boardman Township, Mahoning County, (the Township) as of and for the year ended December 31, 2017, and the related notes to the financial statements and have issued our report thereon dated November 1, 2018 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Township's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

November 1, 2018

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017**

1. Financial Reporting

<i>Finding Number</i>	2017-001
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MATERIAL WEAKNESS

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

The Township did not have adequate policies and procedures in place for proper reporting. During 2017, the following exceptions were noted:

- Capital Projects fund type - Debt proceeds relating to the fire station totaling \$1,693,769 were misposted to other financing sources.
- Debt Service fund type - Debt principal retirement payments for the OPWC loan of \$11,429 were misposted to interest and fiscal charges.
- Agency fund type - Debt retirement payments in the eSID fund of \$227,538 were misposted to other operating cash disbursements.
- The General Fund had the following errors with the fund balance:
 - a) \$36,159 of Unclaimed monies fund was reported as Agency instead of the General Fund.
 - b) The entire fund balance was reported as restricted.
 - c) Assigned fund balance should have been \$1,767,785, due to \$18,914 of outstanding encumbrances and 2018 appropriations exceeding 2018 estimated receipts by \$1,748,871.
 - d) The remaining fund balance of \$2,459,115 should be reported as unassigned.

These adjustments have been reflected in the financial statements.

Additionally, the notes to the financial statements had the following errors and omissions:

- In the budgetary activity, the Township failed to include Budget vs. Actual Budgetary Basis Expenditures.
- The Deposits and Investments did not reflect the accurate amounts, resulting in an overstatement of \$115,683.
- The Risk Management Note disclosure for Ohio Township Association Risk Management Authority (OTARMA) was excluded.
- The Postemployment Benefits note was excluded.
- The Debt Amortization table was not updated for the current year report.
- The Construction and Contractual Commitments note was excluded.
- The Component Unit note disclosure was omitted.

These adjustments have been reflected in the notes to the financial statements.

To help ensure the Township's financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. In addition, the Township should review the financial statements and notes prior to submission for audit.

Official's Response: Boardman Township accepts the 2017 Financial Statements and corresponding report as presented by the State Auditors.

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A Nice Place to Call Home
BOARDMAN TOWNSHIP

FISCAL OFFICER: William D. Leicht

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

Finding Number	Finding Summary	Status	Additional Information
2016-001	Posting Debt Service Expenses	Partially Corrected	Prior year debt service payments were corrected except for the \$11,429 Ohio Public Works Commission payment

www.boardmantownship.com

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Trustees: Brad Calhoun · Thomas P. Costello · Larry Moliterno

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Dave Yost • Auditor of State

BOARDMAN TOWNSHIP

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 27, 2018**