



Dave Yost • Auditor of State

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY
DECEMBER 31, 2017 AND 2016**

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 Year Ended December 31, 2017 | 3 |
| Notes to the Financial Statements - For the Year Ended December 31, 2017 | 4 |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2016 | 13 |
| Notes to the Financial Statements - For the Year Ended December 31, 2016 | 14 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 23 |
| Schedule of Findings..... | 25 |
| Summary Schedule of Prior Audit Findings (Prepared by Management) | 26 |

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Springfield Township
Lucas County
7617 Angola Road
Holland, Ohio 43528-8602

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Springfield Township, Lucas County, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016.

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 2016, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Springfield Township, Lucas County, Ohio as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 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

August 6, 2018

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

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|---|--------------------|--------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$1,196,880 | \$4,716,232 | | \$5,913,112 |
| Charges for Services | | 1,535,791 | \$132,613 | 1,668,404 |
| Licenses, Permits and Fees | 300,821 | | | 300,821 |
| Intergovernmental | 1,481,921 | 901,630 | 40,472 | 2,424,023 |
| Special Assessments | | 331,038 | | 331,038 |
| Earnings on Investments | 47,546 | 1,022 | | 48,568 |
| Miscellaneous | 128,822 | 122,168 | | 250,990 |
| <i>Total Cash Receipts</i> | <u>3,155,990</u> | <u>7,607,881</u> | <u>173,085</u> | <u>10,936,956</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| General Government | 1,024,187 | | | 1,024,187 |
| Public Safety | 288,626 | 4,851,177 | | 5,139,803 |
| Public Works | | 892,370 | | 892,370 |
| Health | | 29,645 | | 29,645 |
| Conservation-Recreation | 142,230 | | | 142,230 |
| Capital Outlay | 224,916 | 1,319,721 | 329,812 | 1,874,449 |
| Debt Service: | | | | |
| Principal Retirement | 54,832 | 101,436 | 31,756 | 188,024 |
| Interest and Fiscal Charges | 22,886 | 8,319 | | 31,205 |
| <i>Total Cash Disbursements</i> | <u>1,757,677</u> | <u>7,202,668</u> | <u>361,568</u> | <u>9,321,913</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>1,398,313</u> | <u>405,213</u> | <u>(188,483)</u> | <u>1,615,043</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Debt Proceeds | 194,054 | 825,896 | 289,340 | 1,309,290 |
| Transfers In | | | 31,758 | 31,758 |
| Transfers Out | (31,758) | | | (31,758) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>162,296</u> | <u>825,896</u> | <u>321,098</u> | <u>1,309,290</u> |
| <i>Net Change in Fund Cash Balances</i> | 1,560,609 | 1,231,109 | 132,615 | 2,924,333 |
| <i>Fund Cash Balances, January 1</i> | <u>542,658</u> | <u>4,662,268</u> | <u>303,532</u> | <u>5,508,458</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | | 5,893,377 | 436,147 | 6,329,524 |
| Assigned | 974,368 | | | 974,368 |
| Unassigned | 1,128,899 | | | 1,128,899 |
| <i>Fund Cash Balances, December 31</i> | <u>\$2,103,267</u> | <u>\$5,893,377</u> | <u>\$436,147</u> | <u>\$8,432,791</u> |

See accompanying notes to the basic financial statements

Springfield Township
Lucas 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 Springfield Township, Lucas County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Lucas County Sheriff to provide law enforcement services.

Joint Venture and Public Entity Risk Pool

The Township participates in a joint venture with the Village of Holland. Note 9 to the financial statements provide additional information for this venture.

The Township belongs to the Ohio Plan Risk Management, Inc., (OPRM), a non-assessable, unincorporated non-profit association, providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments. Note 6 to the financial statements provide 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.

Fund Accounting

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

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

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

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

Fire District Fund This fund receives property tax money to staff and operate the fire department.

EMS Fund This fund receives revenue through EMS contracts with other local governmental entities to staff and operate the emergency medical services department.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Lighting District Fund This fund receives special assessment property tax revenue to reimburse the Township for lighting in residential developments.

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

Fire Department Capital Improvement Fund This fund receives revenue from fire and EMS contracted services to replace large firefighting equipment.

Ohio Public Works Commission Funds These funds receive revenue from the general fund and grants from the Ohio Public Works Commission and the Lucas County Engineer's Office to finance large road improvement projects.

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 Township 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 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. Appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(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.

The Township values federal securities at cost.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(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.

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 | \$1,671,970 | \$3,350,044 | \$1,678,074 |
| Special Revenue | 6,967,014 | 8,433,777 | 1,466,763 |
| Capital Projects | 328,612 | 494,183 | 165,571 |
| Total | \$8,967,596 | \$12,278,004 | \$3,310,408 |

| 2017 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$2,155,191 | \$1,789,435 | \$365,756 |
| Special Revenue | 9,833,895 | 7,202,668 | 2,631,227 |
| Capital Projects | 489,202 | 361,568 | 127,634 |
| Total | \$12,478,288 | \$9,353,671 | \$3,124,617 |

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 | \$6,331,004 |
| Fannie Mae | 293,350 |
| Federal Farm Credit Bank Notes | 249,450 |
| Federal Home Loan Mortgage Bank Notes | 1,177,492 |
| Federal National Mortgage Notes | 249,900 |
| Cash Reserves | 131,595 |
| Total investments | 2,101,787 |
| Total deposits and investments | \$8,432,791 |

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

Investments

The Federal Reserve holds the Township's investments in book-entry form, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

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 belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years. The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 (the latest information available):

| | |
|-----------------|---------------|
| | 2016 |
| Assets | \$ 14,765,712 |
| Liabilities | (9,531,506) |
| Members' Equity | \$ 5,234,206 |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

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. The Township has paid all contributions required through December 31, 2017.

Ohio Public Employees Retirement System

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

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

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.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 9 – Joint Ventures

Springfield Township entered into a Joint Economic Development Zone (JEDZ) agreement with the Village of Holland. The JEDZ is wholly situated in Springfield Township. The purpose of this agreement is to facilitate economic development by creating and preserving employment opportunities within the JEDZ territory.

Note 10 – Debt

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

| | <u>Principal</u> | <u>Interest Rate</u> |
|--|--------------------|----------------------|
| Ohio Public Works Commission Loan #CL17J | \$6,400 | 0.00% |
| Ohio Public Works Commission Loan #CL11M | 10,705 | 0.00% |
| Ohio Public Works Commission Loan #CL23R | 115,637 | 0.00% |
| Ohio Public Works Commission Loan #CL28U | 129,200 | 0.00% |
| Ohio Public Works Commission Loan #CL25U | 160,140 | 0.00% |
| Energy Special Improvement District - Building | 183,422 | 3.25% |
| Energy Special Improvement District - Fire Station | 685,000 | 5.25% |
| Daimler Truck Lease Purchase | 107,392 | 3.00% |
| KS State Bank | 69,863 | 3.00% |
| Signature Bank | 405,279 | Variable |
| Total | <u>\$1,873,038</u> | |

The Ohio Public Works Commission (OPWC) loan #CL17J relates to a resurfacing project in the Township. OPWC loaned the Township \$128,000 for this project. The Township will repay the loan in semiannual installments of \$6,400 over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CL11M relates to a resurfacing project in the Township. OPWC loaned the Township \$53,624 for this project. The Township will repay the loan in semiannual installments of \$2,676 over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CL23R relates to a resurfacing project in the Township. OPWC loaned the Township \$136,043 for this project. The Township will repay the loan in semiannual installments of \$6,802 over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CL28U relates to a resurfacing project in the Township. OPWC loaned the Township \$129,200 for this project. The Township will repay the loan in semiannual installments of \$6,460 over 10 years. The loan is collateralized by undivided local government funds.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

The Ohio Public Works Commission (OPWC) loan #CL25U relates to a resurfacing project in the Township. OPWC loaned the Township \$160,140 for this project. The Township will repay the loan in semiannual installments of \$8,007 over 10 years. The loan is collateralized by undivided local government funds.

The Energy Special Improvement District is an energy conservation financing program, coordinated by the Lucas County Port Authority, which allows businesses in Springfield Township to pay for acceptable energy improvements through a semi-annual assessment on their property taxes. The Township has entered into two separate loans with the Energy Special Improvement District to upgrade the Township's main building and the Township's fire station with energy efficient heating, cooling, and lighting. Both loans will be paid through special assessments collected by Lucas County.

The building loan will be paid in semiannual installments of \$7,923 over 15 years. The fire station loan will be paid in variable semiannual installments over 14 years.

The Daimler Truck lease purchase was procured to finance a new heavy duty dump truck for the Township's Roads department. The Township will repay the loan in semiannual installments of \$18,953, including interest, over 4 years.

The KS State Bank loan was procured to finance a new service unit for the Township's Fire/EMS department. The Township will repay the loan in annual installments of \$71,850, including interest, over 3 years.

The proceeds from the Signature Bank Loan were used to finance the 2015 Township resurfacing project. The loan is a \$500,000, 10 year, variable rate loan, based on the "Prime Lending Rate" as published in the Money Section of the Midwest Edition of The Wall Street Journal. The rate was 4.25% as of December 31, 2017. The Township will repay the loan in monthly installments of \$4,884, including interest, until maturity.

Amortization

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

| Year Ending December 31: | OPWC Loan #CL17J | OPWC Loan #CL11M | OPWC Loan #CL23R | OPWC Loan #CL28U | OPWC Loan #CL25U |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2018 | \$6,400 | \$5,352 | \$13,604 | \$12,920 | \$16,014 |
| 2019 | | 5,353 | 13,604 | 12,920 | 16,014 |
| 2020 | | | 13,604 | 12,920 | 16,014 |
| 2021 | | | 13,604 | 12,920 | 16,014 |
| 2022 | | | 13,604 | 12,920 | 16,014 |
| 2023-2027 | | | 47,617 | 64,600 | 80,070 |
| Total | <u>\$6,400</u> | <u>\$10,705</u> | <u>\$115,637</u> | <u>\$129,200</u> | <u>\$160,140</u> |

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

| Year Ending December 31: | ESID - Building | ESID - Fire Station | Daimler Truck Lease Purchase | KS Bank | Signature Bank |
|-----------------------------|--------------------|------------------------|------------------------------------|-----------------|-------------------|
| 2018 | \$15,847 | \$71,284 | \$37,906 | \$71,850 | \$58,764 |
| 2019 | 15,846 | 69,347 | 37,906 | | 58,764 |
| 2020 | 15,847 | 77,544 | 37,906 | | 58,764 |
| 2021 | 15,846 | 70,297 | | | 58,764 |
| 2022 | 15,847 | 73,050 | | | 58,764 |
| 2023-2027 | 79,233 | 378,578 | | | 166,332 |
| 2028-2032 | 63,386 | 293,056 | | | |
| Total | <u>\$221,852</u> | <u>\$1,033,156</u> | <u>\$113,718</u> | <u>\$71,850</u> | <u>\$460,152</u> |

Note 11 – Miscellaneous Receipts

For the year ended December 31, 2017, the Township received \$128,822 in miscellaneous receipts within the General fund, consisting of the following:

| | |
|--|------------------|
| Escrow Refunds | \$41,263 |
| Street Lighting Receipts (passed through to Toledo Edison) | 32,482 |
| Hall Rentals | 25,171 |
| Green Waste Recycling | 10,510 |
| Refund of Collateral Deposits | 8,470 |
| Fireworks Donations | 6,329 |
| Bureau of Workers' Compensation Refunds | 2,707 |
| Reimbursements for Expenses Paid | 1,662 |
| Public Record Printing Fees | 228 |
| <i>Total Miscellaneous Receipts</i> | <u>\$128,822</u> |

Note 12 – Contingent Liabilities

The lawsuit mentioned in the 2016 notes to the financial statements has been resolved in favor of the Township. As a result, the Township has received all back tax revenue collected but not previously remitted by the Village of Holland.

Springfield Township

Lucas County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types

For the Year Ended December 31, 2016

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|---|------------------|--------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$1,159,788 | \$4,503,285 | | \$5,663,073 |
| Charges for Services | | 1,331,864 | \$253,750 | 1,585,614 |
| Licenses, Permits and Fees | 324,617 | | | 324,617 |
| Intergovernmental | 192,729 | 802,298 | 496,509 | 1,491,536 |
| Special Assessments | | 297,776 | | 297,776 |
| Earnings on Investments | 29,922 | | | 29,922 |
| Miscellaneous | 46,687 | 106,151 | | 152,838 |
| <i>Total Cash Receipts</i> | <u>1,753,743</u> | <u>7,041,374</u> | <u>750,259</u> | <u>9,545,376</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| General Government | 907,619 | | | 907,619 |
| Public Safety | 290,765 | 4,439,752 | | 4,730,517 |
| Public Works | | 1,009,717 | | 1,009,717 |
| Health | | 33,466 | | 33,466 |
| Conservation-Recreation | 128,575 | | | 128,575 |
| Capital Outlay | 8,181 | 452,582 | 1,188,085 | 1,648,848 |
| Debt Service: | | | | |
| Principal Retirement | 43,450 | | 24,954 | 68,404 |
| Interest and Fiscal Charges | 16,828 | | | 16,828 |
| <i>Total Cash Disbursements</i> | <u>1,395,418</u> | <u>5,935,517</u> | <u>1,213,039</u> | <u>8,543,974</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>358,325</u> | <u>1,105,857</u> | <u>(462,780)</u> | <u>1,001,402</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Debt Proceeds | | 206,852 | | 206,852 |
| Transfers In | 11,704 | | 381,425 | 393,129 |
| Transfers Out | (381,425) | | (11,704) | (393,129) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(369,721)</u> | <u>206,852</u> | <u>369,721</u> | <u>206,852</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(11,396)</u> | <u>1,312,709</u> | <u>(93,059)</u> | <u>1,208,254</u> |
| <i>Fund Cash Balances, January 1</i> | <u>554,054</u> | <u>3,349,559</u> | <u>396,591</u> | <u>4,300,204</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | | 4,662,268 | 303,532 | 4,965,800 |
| Assigned | 289,167 | | | 289,167 |
| Unassigned | 253,491 | | | 253,491 |
| <i>Fund Cash Balances, December 31</i> | <u>\$542,658</u> | <u>\$4,662,268</u> | <u>\$303,532</u> | <u>\$5,508,458</u> |

See accompanying notes to the basic financial statements

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

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

Joint Venture and Public Entity Risk Pool

The Township participates in a joint venture with the Village of Holland. Note 9 to the financial statements provide additional information for this venture.

The Township belongs to the Ohio Plan Risk Management, Inc., (OPRM), a non-assessable, unincorporated non-profit association, providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments. Note 6 to the financial statements provide 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.

Fund Accounting

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

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

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

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

Fire District Fund This fund receives property tax money to staff and operate the fire department.

EMS Fund This fund receives revenue through EMS contracts with other local governmental entities to staff and operate the emergency medical services department.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Lighting District Fund This fund receives special assessment property tax revenue to reimburse the Township for lighting in residential developments.

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

Fire Department Capital Improvement Fund This fund receives revenue from fire and EMS contracted services to replace large firefighting equipment.

Ohio Public Works Commission Funds These funds receive revenue from the general fund and grants from the Ohio Public Works Commission and the Lucas County Engineer's Office to finance large road improvement projects.

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 Township 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 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. Appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(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.

The Township values federal securities at cost.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

| 2016 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$1,628,228 | \$1,765,447 | \$137,219 |
| Special Revenue | 6,874,571 | 7,248,226 | 373,655 |
| Capital Projects | 1,675,390 | 1,131,684 | (543,706) |
| Total | \$10,178,189 | \$10,145,357 | (\$32,832) |

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$2,014,390 | \$1,776,843 | \$237,547 |
| Special Revenue | 8,199,489 | 5,935,517 | 2,263,972 |
| Capital Projects | 1,789,645 | 1,224,743 | 564,902 |
| Total | \$12,003,524 | \$8,937,103 | \$3,066,421 |

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:

| | |
|---------------------------------------|-------------|
| | 2016 |
| Demand deposits | \$4,420,563 |
| Federal Farm Credit Bank Notes | 130,155 |
| Federal Home Loan Mortgage Bank Notes | 259,371 |
| Federal National Mortgage Notes | 274,671 |
| Cash Reserves | 423,698 |
| Total investments | 1,087,895 |
| Total deposits and investments | \$5,508,458 |

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Deposits

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

Investments

The Federal Reserve holds the Township's investments in book-entry form, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

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 belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years. The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016:

| | |
|-----------------|---------------|
| | 2016 |
| Assets | \$ 14,765,712 |
| Liabilities | (9,531,506) |
| Members' Equity | \$ 5,234,206 |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

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. The Township has paid all contributions required through December 31, 2016.

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

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 2.0 percent during calendar year 2016. OP&F contributes 0.5 percent to fund these benefits.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 9 – Joint Ventures

Springfield Township entered into a Joint Economic Development Zone (JEDZ) agreement with the Village of Holland. The JEDZ is wholly situated in Springfield Township. The purpose of this agreement is to facilitate economic development by creating and preserving employment opportunities within the JEDZ territory.

Note 10 – Debt

Debt outstanding at December 31, 2016, was as follows:

| | Principal | Interest Rate |
|--|-----------|---------------|
| Ohio Public Works Commission Loan #CL17J | \$19,200 | 0.00% |
| Ohio Public Works Commission Loan #CL11M | 16,058 | 0.00% |
| Ohio Public Works Commission Loan #CL23R | 129,241 | 0.00% |
| KS State Bank | 137,796 | 3.00% |
| Signature Bank | 449,321 | Variable |
| Total | \$751,616 | |

The Ohio Public Works Commission (OPWC) loan #CL17J relates to a resurfacing project in the Township. OPWC loaned the Township \$128,000 for this project. The Township will repay the loan in semiannual installments of \$6,400 over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CL11M relates to a resurfacing project in the Township. OPWC loaned the Township \$53,624 for this project. The Township will repay the loan in semiannual installments of \$2,676 over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CL23R relates to a resurfacing project in the Township. OPWC loaned the Township \$136,043 for this project. The Township will repay the loan in semiannual installments of \$6,802 over 10 years. The loan is collateralized by undivided local government funds.

The KS State Bank loan was procured to finance a new service unit for the Township's Fire/EMS department. The Township will repay the loan in annual installments of \$71,850, including interest, over 3 years.

The proceeds from the Signature Bank Loan were used to finance the 2015 Township resurfacing project. The loan is a \$500,000, 10 year, variable rate loan, based on the "Prime Lending Rate" as published in the Money Section of the Midwest Edition of The Wall Street Journal. The rate was 3.5% as of December 31, 2016. The Township will repay the loan in monthly installments of \$4,884, including interest, until maturity.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Amortization

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

| Year Ending December 31: | OPWC Loan #CL17J | OPWC Loan #CL11M | OPWC Loan #CL23R | KS State Bank | Signature Bank |
|-----------------------------|---------------------|---------------------|---------------------|------------------|-------------------|
| 2017 | \$12,800 | \$5,352 | \$13,604 | \$71,850 | \$58,764 |
| 2018 | 6,400 | 5,353 | 13,605 | 71,850 | 58,764 |
| 2019 | | 5,353 | 13,604 | | 58,764 |
| 2020 | | | 13,605 | | 58,764 |
| 2021 | | | 13,604 | | 58,764 |
| 2021-2026 | | | 61,219 | | 225,096 |
| Total | <u>\$19,200</u> | <u>\$16,058</u> | <u>\$129,241</u> | <u>\$143,700</u> | <u>\$518,916</u> |

Note 11 – Interfund Transfers

For the year ended December 31, 2016, the Township had the following transfers:

| Fund | Transfers In | Transfers Out |
|----------------------------|---------------------|----------------------|
| General Fund | \$11,704 | \$381,425 |
| OPWC Capital Project funds | 381,425 | 11,704 |
| <i>Totals</i> | <u>\$393,129</u> | <u>\$393,129</u> |

Transfers were made from the General Fund to OPWC Capital Project funds to help fund various resurfacing projects within the Township. The \$11,704 transfer from an OPWC Capital Project fund to the General Fund was due to one of the projects finishing below the initial cost estimate. The amount transferred was a return of unused funds originally transferred from the General Fund to the OPWC Capital Project fund in 2015.

Note 12 – Contingent Liabilities

The Township is defendant in a lawsuit relating to the Village of Holland-Springfield Township Joint Economic Development Zone (JEDZ). The plaintiffs have alleged that both the JEDZ is flawed in its construction, as well as unable to levy the applicable taxes. The lawsuit has been appealed to the Ohio Appellate Court and litigation is continuing. Although the plaintiffs are not currently remitting the taxes levied under the JEDZ, all other businesses that have been remitting the applicable taxes are having their remittances held in escrow by the Village of Holland, who is responsible for managing the tax receipts.

Although management is confident that the JEDZ, as an entity, will stand, the taxes already levied may not be upheld and therefore, may be remitted to the Township. Due to this uncertainty, none of this potential revenue is recognized as a revenue source for the Township on the Township's 2017 Certificate of Estimated Revenue. Therefore, the resolution of this matter did not materially adversely affect the Township's financial condition.

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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*

Springfield Township
Lucas County
7617 Angola Road
Holland, Ohio 43528-8602

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Springfield Township, Lucas County, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated August 6, 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*.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

August 6, 2018

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Material Weakness

Financial Reporting

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

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

The following errors were noted in the financial statements:

- The annual appropriation measure for the General Fund exceeded estimated receipts by \$974,368 in 2018 and \$289,167 in 2017. A portion of the General Fund balance was needed to cover the difference. These amounts should have been classified as assigned fund balance in 2017 and 2016 for subsequent year's appropriations instead of unassigned fund balance in accordance with Governmental Accounting Standards Board (GASB) Codification 1800.176.
- Debt proceeds and capital outlay disbursements were not recorded for loans in which funds were paid directly to vendors on behalf of the Township. Amounts totaled \$194,054, \$825,896 and \$289,340 within the General, Special Revenue, and Capital Projects fund types, respectively, in 2017 and \$206,852 within Special Revenue fund type for 2016.

These errors occurred due to inadequate policies and procedures in reviewing the financial statements for errors, omissions, and proper fund balance classifications. These amounts have been adjusted in the Township's financial statements.

The Township should implement policies and procedures including a final review of the Financial Statements by the Fiscal Officer and Board to help identify and correct errors and omissions. The Board and Fiscal Officer should review Auditor of State Bulletin 2011-004 for guidance on GASB 54.

Officials' Response

We did not receive a response from Officials to this finding.

Trustees

Tom Anderson Jr. (419) 344-5774
Robert Bethel (419) 410-7535
Andrew Glenn (419) 779-7593

Fiscal Officer

Barbara Dietze (419) 865-0239 x117



Administrator

Michael Hampton (419) 865-0239 x114

Director of Public Services

Andrew Hohlbein (419) 865-0239 x118

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|---|--|--|
| 2015-001 | Material weakness over financial reporting due to material audit adjustments. | Not corrected and repeated as Finding 2017-001 in this report. | This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements for errors, omissions, and proper fund balance classifications in accordance with GASB 54. The Township is implementing procedures to correct these errors for the future. |



Dave Yost • Auditor of State

SPRINGFIELD TOWNSHIP

LUCAS 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
AUGUST, 23 2018**