



OHIO AUDITOR OF STATE
KEITH FABER



**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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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, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

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, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matters

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

As discussed in Note 3 to the financial statements, for the year ended December 31, 2018, the Township restated the beginning fund balances in the General and Agency Funds to properly report an Agency Fund. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 6, 2020

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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, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$1,239,983	\$4,686,543		\$5,926,526
Charges for Services		1,375,930	\$140,688	1,516,618
Licenses, Permits and Fees	264,287			264,287
Intergovernmental	2,030,917	927,218	270,724	3,228,859
Special Assessments		406,733		406,733
Earnings on Investments	116,364	2,500		118,864
Miscellaneous	61,893	197,080		258,973
<i>Total Cash Receipts</i>	<u>3,713,444</u>	<u>7,596,004</u>	<u>411,412</u>	<u>11,720,860</u>
Cash Disbursements				
Current:				
General Government	1,286,385			1,286,385
Public Safety	309,963	5,791,180		6,101,143
Public Works		1,170,046		1,170,046
Health		26,797		26,797
Conservation-Recreation	157,265			157,265
Capital Outlay	1,232,761	882,978	607,994	2,723,733
Debt Service:				
Principal Retirement	11,147	74,029	25,416	110,592
Interest and Fiscal Charges	4,700	33,223		37,923
<i>Total Cash Disbursements</i>	<u>3,002,221</u>	<u>7,978,253</u>	<u>633,410</u>	<u>11,613,884</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>711,223</u>	<u>(382,249)</u>	<u>(221,998)</u>	<u>106,976</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets			6,003	6,003
Loan Proceeds			18,081	18,081
Transfers In		35,000	309,985	344,985
Transfers Out	(344,984)			(344,984)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(344,984)</u>	<u>35,000</u>	<u>334,069</u>	<u>24,085</u>
<i>Net Change in Fund Cash Balances</i>	366,239	(347,249)	112,071	131,061
<i>Fund Cash Balances, January 1</i>	<u>2,573,015</u>	<u>6,271,932</u>	<u>638,186</u>	<u>9,483,133</u>
Fund Cash Balances, December 31				
Restricted		5,924,683	750,257	6,674,940
Assigned	1,072,876			1,072,876
Unassigned	1,866,378			1,866,378
<i>Fund Cash Balances, December 31</i>	<u>\$2,939,254</u>	<u>\$5,924,683</u>	<u>\$750,257</u>	<u>\$9,614,194</u>

See accompanying notes to the financial statements

Springfield Township
Lucas County
Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2019

	Fiduciary Fund Types
	Agency
Operating Cash Receipts	
Miscellaneous	\$126,507
Operating Cash Disbursements	
Other	40,179
<i>Operating Income</i>	86,328
<i>Fund Cash Balances, January 1</i>	22,086
<i>Fund Cash Balances, December 31</i>	\$108,414
<i>See accompanying notes to the basic financial statements</i>	

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

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 Ventures and Public Entity Risk

The Township participates in two joint venture with the Village of Holland for the Spring Meadows JEDZ and the Dorr Street Corridor JEDD. Note 10 to the financial statements provide additional information for these ventures.

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool, which provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members. Note 8 to the financial statements provides additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Fire District Fund The Fire District Fund receives special levy tax revenue to provide fire services for the Township.

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

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

2017 OPWC Project Fund The 2017 OPWC Project Fund receives intergovernmental revenue to resurface 3.47 miles of roads.

2018 OPWC Project Fund The 2018 OPWC Project Fund receives intergovernmental revenue to resurface 4.25 miles of roads.

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.

Agency Funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's Agency Fund accounts for escrow funds received and disbursed.

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. 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 2019 budgetary activity appears in Note 3.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(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 U.S. Treasury Notes 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, 2019
(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, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,074,600	\$3,713,444	\$638,844
Special Revenue	7,569,976	7,631,004	61,028
Capital Projects	1,591,245	745,481	(845,764)
Total	<u>\$12,235,821</u>	<u>\$12,089,929</u>	<u>(\$145,892)</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,389,500	\$3,347,205	\$1,042,295
Special Revenue	11,979,914	7,978,253	4,001,661
Capital Projects	1,933,052	633,410	1,299,642
Total	<u>\$18,302,466</u>	<u>\$11,958,868</u>	<u>\$6,343,598</u>

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:

	2019
Demand deposits	\$7,558,064
U.S. Treasury Notes	2,164,544
Total deposits and investments	<u>\$9,722,608</u>

Deposits

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

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Investments

The Federal Reserve holds the Township's U.S. Treasury Notes in book-entry form by, 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 6 – Risk Management

The Township belonged 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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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 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 health care 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, 2019.

Ohio Police and Fire Retirement System

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

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

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

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 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
OPWC Loan #CL11M	\$2,676	0%
OPWC Loan #CL23R	95,230	0%
OPWC Loan #CL28U	122,740	0%
OPWC Loan #CL25U	132,046	0%
Energy Special Investment - Tow	156,494	3.25%
Energy Special Investment - Fire	610,326	5.25%
Daimler Truck	34,861	3%
Total	\$1,154,373	

A 2009 OPWC Loan (CL11M) of \$53,524 was received for resurfacing 1.88 miles of roads. The loan is a zero percent loan repayable in semiannual installments of \$2,676 through July 2020.

A 2015 OPWC Loan (CL23R) of \$136,040 was received for resurfacing 3.41 miles of roads. The loan is a zero percent loan repayable in semiannual installments of \$8,803 through July 2026.

A 2017 OPWC Loan (CL28U) of \$129,200 was received for resurfacing 3.47 miles of roads. The loan is zero percent loan repayable in semiannual installments of \$6,460 through July 2029.

A 2018 OPWC Loan (CL25U) of \$132,046 in total (\$18,081 received in 2019) was received for resurfacing 4.25 miles of roads. The loan is zero percent loan repayable in semiannual installments of \$13,205 through July 2029.

The Energy Special Investment 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 semiannual assessment on their property taxes. Both the Township and the Fire District entered into separate contracts to upgrade Township owned facilities with more energy efficient heating, cooling, and lighting. Both contracts are for a 15 year term, with payments ending in 2031.

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

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Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Amortization

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

Year Ending December 31:	OPWC Loans	Energy Special Investment - Townships	Energy Special Investment - Fire	Daimler Truck
2020	\$42,405	\$15,847	\$77,544	\$37,906
2021	39,729	15,846	70,297	
2022	39,729	15,847	73,050	
2023	39,729	15,847	75,503	
2024	39,729	15,847	72,803	
2025-2029	151,371	79,235	381,947	
2030-2031		31,693	141,381	
Total	<u>\$352,692</u>	<u>\$190,162</u>	<u>\$892,525</u>	<u>\$37,906</u>

Note 10 – Joint Ventures

In 2015, the Township partnered with the Village of Holland to form the Spring Meadows Joint Economic Development Zone (JEDZ). Revenue is generated through both a payroll tax and a business income tax on individuals/companies located within the zone. Taxes are collected by RITA and administered and distributed by the Village of Holland. The Township, Village, and JEDZ Board each receive a portion of the proceeds. The Township's share is unrestricted and deposited in the General Fund. The Township has no further obligations to provide finances or services in the zone. The JEDZ board is a separate auditable entity.

In 2019, the Township entered into a joint agreement with Lucas County and a third private partner, who owns a majority of the land along the interstate, to finance the local portion of the project. The Lucas County Engineer's office is responsible to work with ODOT to properly account for construction costs, to provide selected in-kind services for the project, apply for state infrastructure financing, and to bill the local partners in equal installments over an 18 year period of time. The local partner's share of the project is expected to be approximately \$20,000,000, with annual payments of approximately \$300,000 per year for each partner. The Township has established two specific economic development tools to generate income from the projected new commercial development in the area. The first is a JEDD with the Village of Holland. It is structured and functions similarly to the Spring Meadows JEDZ. Second, a TIFF has also been established in the area. Proceeds from the increase in property valuation will be deposited in separate Township accounts and will be used to retire the debt. The Township will also be responsible to make partial payments to the school districts and interest payments to the Townships private partner when money is withdrawn from an informal sinking account which they have established.

Note 11 – Miscellaneous Revenue

General Fund miscellaneous receipts consisted primarily of proceeds from zoning permits and incorrectly recorded escrow payments.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The Township's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – Compliance

Contrary to Ohio law, escrow account activity was incorrectly recorded in the General Fund instead of the Agency Fund.

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, 2018

	General	Special Revenue	Capital Project	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$1,140,217	\$4,566,797		\$5,707,014
Charges for Services		1,595,439	\$136,591	1,732,030
Licenses, Permits and Fees	284,703			284,703
Intergovernmental	1,617,896	882,043	309,178	2,809,117
Special Assessments		405,164		405,164
Earnings on Investments	77,999	1,767		79,766
Miscellaneous	139,363	134,174		273,537
<i>Total Cash Receipts</i>	<u>3,260,178</u>	<u>7,585,384</u>	<u>445,769</u>	<u>11,291,331</u>
Cash Disbursements				
Current:				
General Government	1,206,141			1,206,141
Public Safety	301,247	5,099,557		5,400,804
Public Works		1,072,331		1,072,331
Health		29,755		29,755
Conservation-Recreation	157,620			157,620
Other			920,376	920,376
Capital Outlay	74,690	873,262		947,952
Debt Service:				
Principal Retirement	416,361	140,917	15,879	573,157
Interest and Fiscal Charges	9,597	40,835		50,432
<i>Total Cash Disbursements</i>	<u>2,165,656</u>	<u>7,256,657</u>	<u>936,255</u>	<u>10,358,568</u>
<i>Excess of Disbursements Over (Under) Receipts</i>	<u>1,094,522</u>	<u>328,727</u>	<u>(490,486)</u>	<u>932,763</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets			28,877	28,877
Loan Proceeds			113,965	113,965
Transfers In	6,971	49,828	556,654	613,453
Transfers Out	(606,482)		(6,971)	(613,453)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(599,511)</u>	<u>49,828</u>	<u>692,525</u>	<u>142,842</u>
<i>Net Change in Fund Cash Balances</i>	495,011	378,555	202,039	1,075,605
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>2,078,004</u>	<u>5,893,377</u>	<u>436,147</u>	<u>8,407,528</u>
Fund Cash Balances, December 31				
Restricted		6,271,932	638,186	6,910,118
Assigned	1,314,900			1,314,900
Unassigned	1,258,115			1,258,115
<i>Fund Cash Balances, December 31</i>	<u>\$2,573,015</u>	<u>\$6,271,932</u>	<u>\$638,186</u>	<u>\$9,483,133</u>

See accompanying notes to the financial statements

Springfield Township
Lucas County
Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2018

	Fiduciary Fund Types
	Agency
Operating Cash Receipts	
Miscellaneous	\$18,886
Operating Cash Disbursements	
Other	22,063
<i>Operating Loss</i>	<i>(3,177)</i>
<i>Fund Cash Balances, January 1 (Restated)</i>	<i>25,263</i>
<i>Fund Cash Balances, December 31</i>	<i>\$22,086</i>

See accompanying notes to the basic financial statements

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

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 Ventures and Public Entity Risk

The Township participates in a joint venture with the Village of Holland. Note 13 to the financial statements provide additional information for this venture.

The Township participates in the Ohio Plan Risk Management, Inc, (OPRM) public entity risk pool, which provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members. Note 8 to the financial statements provides additional information for this entity. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Fire District Fund The Fire District Fund receives special levy tax revenue to provide fire services for the Township.

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

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

2017 OPWC Project Fund The 2017 OPWC Project Fund receives intergovernmental revenue to resurface 3.47 miles of roads.

2018 OPWC Project Fund The 2018 OPWC Project Fund receives intergovernmental revenue to resurface 4.25 miles of roads.

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.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's Agency Fund accounts for escrow funds received and disbursed.

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. 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 2018 budgetary activity appears in Note 4.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(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 U.S. Treasury Notes 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, 2018
(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 – Accounting Change

During 2018, it was noted the Township was collecting escrow funds and including them in the General Fund. Escrow funding must be accounted for in an Agency Fund due to the Township not having a claim to the funds. These adjustments had the following impact on the previously reported fund balances.

	General Fund	Agency Fund
Fund Cash Balance, December 31, 2017	\$2,103,267	
Adjustment	(25,263)	\$25,263
Fund Cash Balance, January 1, 2018	\$ 2,078,004	\$25,263

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,800,844	\$3,267,149	\$466,305
Special Revenue	7,083,079	7,635,212	552,133
Capital Projects	1,578,214	1,145,265	(432,949)
Total	\$11,462,137	\$12,047,626	\$585,489

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,202,124	\$2,772,138	\$1,429,986
Special Revenue	11,129,666	7,256,657	3,873,009
Capital Projects	1,845,599	943,226	902,373
Total	\$17,177,389	\$10,972,021	\$6,205,368

Note 5 – Compliance

Contrary to Ohio law, escrow account activity was incorrectly recorded in the General Fund instead of the Agency Fund.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 6 – 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:

	2018
Demand deposits	<u>\$7,378,248</u>
U.S. Treasury Notes	<u>2,126,971</u>
Total deposits and investments	<u><u>\$9,505,219</u></u>

Deposits

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

Investments

The Federal Reserve holds the Township’s U.S. Treasury Notes in book-entry form by, in the name of the Township’s financial institution. The financial institution maintains records identifying the Township as owner of these securities.

Note 7 – Property Taxes

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

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

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

Note 8 – 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.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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. 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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

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

Note 9 – 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 health care 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, 2018.

Ohio Police and Fire Retirement System

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

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

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 10 – 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 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Note 11 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
OPWC Loan #CL11M	\$8,029	0%
OPWC Loan #CL23R	108,835	0%
OPWC Loan #CL28U	129,200	0%
OPWC Loan #CL25U	113,965	0%
Energy Special Investment - Township	172,340	3.25%
Energy Special Investment - Fire	648,571	5.25%
Daimler Truck	72,767	3%
Total	\$1,253,707	

A 2009 OPWC Loan (CL11M) of \$53,524 was received for resurfacing 1.88 miles of roads. The loan is a zero percent loan repayable in semiannual installments of \$2,676 through July 2020.

A 2015 OPWC Loan (CL23R) of \$136,040 was received for resurfacing 3.41 miles of roads. The loan is a zero percent loan repayable in semiannual installments of \$8,803 through July 2026.

A 2017 OPWC Loan (CL28U) of \$129,200 was received for resurfacing 3.47 miles of roads. The loan is a zero percent loan repayable in semiannual installments of \$6,460 through July 2029.

A 2018 OPWC Loan (CL25U) of \$113,965 was received for resurfacing 4.25 miles of roads. The loan is a zero percent loan repayable in semiannual installments of \$5,698 through July 2029.

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

The Energy Special Investment 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 semiannual assessment on their property taxes. Both the Township and the Fire District entered into separate contracts to upgrade Township owned facilities with more energy efficient heating, cooling, and lighting. Both contracts are for a 15 year term, with payments ending in 2031.

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

Amortization

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

Year Ending December 31:	OPWC Loans	Energy Special Investment - Townships	Energy Special Investment - Fire	Daimler Truck
2019	\$25,417	\$15,847	\$69,347	\$37,906
2020	40,596	15,847	77,544	37,906
2021	37,920	15,846	70,297	
2022	37,920	15,847	73,050	
2023	37,920	15,847	72,803	
2024-2028	162,395	79,235	378,284	
2029-2031	17,861	47,541	217,847	
Total	<u>\$360,029</u>	<u>\$206,010</u>	<u>\$959,172</u>	<u>\$75,812</u>

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The Township’s investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – Joint Ventures

In 2015, the Township partnered with the Village of Holland to form the Spring Meadows Joint Economic Development Zone (JEDZ). Revenue is generated through both a payroll tax and a business income tax on individuals/companies located within the zone. Taxes are collected by RITA and administered and distributed by the Village of Holland. The Township, Village, and JEDZ Board each receive a portion of

Springfield Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

the proceeds. The Township's share is unrestricted and deposited in the General Fund. The Township has no further obligations to provide finances or services in the zone. The JEDZ board is a separate auditable entity.

Note 14 – Miscellaneous Revenue

General Fund miscellaneous receipts consisted primarily of proceeds from zoning permits and incorrectly recorded escrow payments.

**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, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated October 6, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures that may impact subsequent periods of the Township. In addition, we noted the Township restated beginning fund balances to properly report an agency fund.

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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-002.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

October 6, 2020

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

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

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

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.

An error was noted in the accompanying financial statements due to loan proceeds in the OPWC Project Fund in the amount of \$113,965 incorrectly classified as intergovernmental revenue in 2018.

This error was not identified and corrected prior to the Township preparing its financial statements and notes to the financial statements due to deficiencies in the Township's internal controls over financial statement monitoring. Failing to prepare accurate financial statements could lead the Board of Trustees to make misinformed decisions. The accompanying financial statements, notes to the financial statements, and where applicable, the Township's accounting records have been adjusted to reflect this change. Additional errors in smaller relative amounts were also noted.

To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Trustees to help identify and correct errors and omissions.

FINDING NUMBER 2019-002

Noncompliance Citation and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

In 2019, the Township inappropriately recorded escrow account miscellaneous revenue, other disbursements and beginning fund balance in the amounts of \$126,507, \$40,179, and \$22,086, respectively in the General Fund. In 2018, the Township inappropriately recorded escrow account miscellaneous revenue, other disbursements and beginning fund balance in the amounts of \$18,886, \$22,063, and \$25,263, respectively in the General Fund. Given the source of these revenues, this activity should have been recorded in an Agency Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

We did not receive a response from Officials to these findings.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Finding was first issued in the 2014-2015 audit. Material weakness over financial reporting due to material audit adjustments.	Not corrected and repeated as Finding 2019-001 in this report.	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements for errors, omissions, and proper fund balance.

OHIO AUDITOR OF STATE KEITH FABER



SPRINGFIELD TOWNSHIP

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/10/2020

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

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