

SPRINGFIELD TOWNSHIP
CLARK COUNTY, OHIO

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Springfield Township
2777 Springfield Xenia Road
Springfield, Ohio 45506

We have reviewed the *Independent Auditor's Report* of Springfield Township, Clark County, prepared by Bastin & Company, LLC, for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 11, 2020

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SPRINGFIELD TOWNSHIP
CLARK COUNTY

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Springfield Township
Clark County
2777 Springfield Xenia Road
Springfield, Ohio 45506

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, Clark County (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 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, or 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 combined cash balances of Springfield Township, Clark County as of December 31, 2019 and 2018, and its combined cash receipts and disbursements 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 Matter

As discussed in Note 11 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 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.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in dark ink on a light-colored background.

Cincinnati, Ohio
April 17, 2020

Springfield Township
Clark 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	\$ 65,456	\$ 1,380,610	\$ 308,758	\$ 1,754,824
Charges for Services	-	274,140	-	274,140
Licenses, Permits and Fees	104,873	31,414	-	136,287
Intergovernmental	378,807	490,417	37,817	907,041
Special Assessments	918	-	-	918
Earnings on Investments	68,781	5,756	-	74,537
Miscellaneous	4,361	70,890	-	75,251
<i>Total Cash Receipts</i>	<u>623,196</u>	<u>2,253,227</u>	<u>346,575</u>	<u>3,222,998</u>
Cash Disbursements				
Current:				
General Government	468,974	19,739	-	488,713
Public Safety	-	1,029,581	1,586	1,031,167
Public Works	-	906,832	3,648	910,480
Health	14,021	28,399	-	42,420
Capital Outlay	-	116,912	71,329	188,241
Debt Service:				
Principal Retirement	9,463	20,000	267,064	296,527
Interest and Fiscal Charges	2,330	2,000	38,150	42,480
<i>Total Cash Disbursements</i>	<u>494,788</u>	<u>2,123,463</u>	<u>381,777</u>	<u>3,000,028</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>128,408</u>	<u>129,764</u>	<u>(35,202)</u>	<u>222,970</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	22,000	6,187	-	28,187
<i>Total Other Financing Receipts (Disbursements)</i>	<u>22,000</u>	<u>6,187</u>	<u>-</u>	<u>28,187</u>
<i>Net Change in Fund Cash Balances</i>	150,408	135,951	(35,202)	251,157
<i>Fund Cash Balances, January 1</i>	<u>518,138</u>	<u>3,250,366</u>	<u>434,243</u>	<u>4,202,747</u>
Fund Cash Balances, December 31				
Restricted	-	2,790,388	399,041	3,189,429
Committed	-	595,929	-	595,929
Assigned	89,914	-	-	89,914
Unassigned	578,632	-	-	578,632
<i>Fund Cash Balances, December 31</i>	<u>\$ 668,546</u>	<u>\$ 3,386,317</u>	<u>\$ 399,041</u>	<u>\$ 4,453,904</u>

See accompanying notes to the basic financial statements

Springfield Township
Clark 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, Clark County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 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.

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.

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

Road District Outside Fund This fund receives property tax money for the maintenance of Township roads.

EMS Services Fund This fund receives property tax money to provide EMS services to township residents.

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

Capital Projects 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 Fund This fund receives property tax money to purchase equipment for fire department operations.

Ambulance Fund This fund receives property tax money to purchase equipment for emergency medical services operations.

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. Unencumbered appropriations lapse at year end.

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

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

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

The Township values U.S. Treasury Notes and U.S. government agencies at cost. Money market mutual funds are recorded at share values the mutual funds report.

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

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.

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.

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

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	\$ 502,788	\$ 645,196	\$ 142,408
Special Revenue	2,214,895	2,259,414	44,519
Capital Projects	347,277	346,575	(702)
Total	\$ 3,064,960	\$ 3,251,185	\$ 186,225

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 813,994	\$ 495,158	\$ 318,836
Special Revenue	4,100,458	2,170,255	1,930,203
Capital Projects	638,662	381,777	256,885
Total	\$ 5,553,114	\$ 3,047,190	\$ 2,505,924

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, 2019 was as follows:

Demand deposits	\$239,571
Certificates of deposit	248,000
Total deposits	487,571
Money Market	1,766,919
Federal Farm Credit Bank	1,048,492
Federal Home Loan Bank	700,450
Federal Home Loan Mortgage Corporation	250,000
Federal National Mortgage Association	200,472
Total investments	3,966,333
Total deposits and investments	\$4,453,904

Deposits

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

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

Investments

A financial institution's trust department holds the Township's investments in book entry form in the Township's name. Investments in money market mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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 is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

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

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

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$7,874,610

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

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.

Social Security

Some of the 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

OPERS offers 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.

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Refunding Notes, Series 2017	\$1,166,700	2.77%
Total	<u>\$1,166,700</u>	

The Township issued \$1,523,400 of Refunding Notes, Series 2017, dated October 31, 2017 to retire the Township Office/Fire Station General Obligation Bonds, Series 2005 and the Garden Acres Fire Station General Obligation Bonds, Series 2006. The Township Office/Fire Station Bonds financed the construction of a new firehouse and an administration office. The Garden Acres Fire Station Bonds financed the conversion of an E Check facility into the East Side Garden Acres fire station and the purchase of an Aerial Ladder fire apparatus and an EMS Medic Unit.

The interest rate on the Refunding Notes is 2.77%, with the final payment due in December 2026.

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

Amortization

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

Year ending December 31	Total Principal and Interest
2020	\$206,618
2021	205,789
2022	205,651
2023	206,979
2024	206,030
2025-2026	255,940
Total	\$1,287,007

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio may incur 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.

Springfield Township
Clark 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 Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 61,636	\$ 1,370,198	\$ 307,545	\$ 1,739,379
Charges for Services	-	253,603	-	253,603
Licenses, Permits and Fees	100,296	45,620	-	145,916
Intergovernmental	337,233	353,019	37,356	727,608
Special Assessments	756	312	-	1,068
Earnings on Investments	10,718	37,671	-	48,389
Miscellaneous	25,221	46,249	2,273	73,743
<i>Total Cash Receipts</i>	<u>535,860</u>	<u>2,106,672</u>	<u>347,174</u>	<u>2,989,706</u>
Cash Disbursements				
Current:				
General Government	447,432	5,661	-	453,093
Public Safety	-	985,047	3,178	988,225
Public Works	-	777,097	3,686	780,783
Health	14,617	13,863	-	28,480
Capital Outlay	-	17,459	27,986	45,445
Debt Service:				
Principal Retirement	5,064	20,000	199,689	224,753
Interest and Fiscal Charges	6,729	1,209	38,593	46,531
<i>Total Cash Disbursements</i>	<u>473,842</u>	<u>1,820,336</u>	<u>273,132</u>	<u>2,567,310</u>
<i>Net Change in Fund Cash Balances</i>	62,018	286,336	74,042	422,396
<i>Fund Cash Balances, January 1</i>	<u>456,120</u>	<u>2,964,030</u>	<u>360,201</u>	<u>3,780,351</u>
Fund Cash Balances, December 31				
Restricted	-	2,624,130	434,243	3,058,373
Committed	-	626,236	-	626,236
Assigned	311,206	-	-	311,206
Unassigned	206,932	-	-	206,932
<i>Fund Cash Balances, December 31</i>	<u>\$ 518,138</u>	<u>\$ 3,250,366</u>	<u>\$ 434,243</u>	<u>\$ 4,202,747</u>

See accompanying notes to the basic financial statements

Springfield Township
Clark County
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For the Year Ended December 31, 2018

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

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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 carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

The Township values U.S. Treasury Notes and U.S. government agencies at cost. Money market mutual funds are recorded at share values the mutual funds report.

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

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.

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.

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

Note 3 – 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	\$ 506,497	\$ 535,860	\$ 29,363
Special Revenue	2,135,598	2,106,672	(28,926)
Capital Projects	345,691	347,174	1,483
Total	\$ 2,987,786	\$ 2,989,706	\$ 1,920

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 799,441	\$ 473,842	\$ 325,599
Special Revenue	3,750,352	1,820,336	1,930,016
Capital Projects	546,516	273,132	273,384
Total	\$ 5,096,309	\$ 2,567,310	\$ 2,528,999

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, 2018 was as follows:

Demand deposits	\$987,809
Total deposits	987,809
U.S. Treasury Notes	95,734
Money Market	1,319,579
Federal Home Loan Bank	200,000
Federal Home Loan Mortgage Corporation	1,599,625
Total investments	3,214,938
Total deposits and investments	\$4,202,747

Deposits

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

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

Investments

A financial institution's trust department holds the Township's investments in book entry form in the Township's name. Investments in money market mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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 is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

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

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

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$7,874,610

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

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, 2018.

Social Security

Some of the 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 8 – Postemployment Benefits

OPERS offers 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.

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Refunding Notes, Series 2017	\$1,334,200	2.77%
Capital Lease, Fire Breathing Apparatuses	<u>129,027</u>	2.84%
Total	<u><u>\$1,463,227</u></u>	

The Township issued \$1,523,400 of Refunding Notes, Series 2017, dated October 31, 2017 to retire the Township Office/Fire Station General Obligation Bonds, Series 2005 and the Garden Acres Fire Station General Obligation Bonds, Series 2006. The Township Office/Fire Station Bonds financed the construction of a new firehouse and an administration office. The Garden Acres Fire Station Bonds financed the conversion of an E Check facility into the East Side Garden Acres fire station and the purchase of an Aerial Ladder fire apparatus and an EMS Medic Unit.

The interest rate on the Refunding Notes is 2.77%, with the final payment due in December 2026.

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

Lease

On February 1, 2017, the Township entered into a three-year capital lease for the purchase of forty (40) sets of self-contained breathing apparatuses for the Fire Division. The total cost of the purchase was \$240,880. The Township made a \$50,000 cash down payment and financed \$190,880 for three years with an interest rate of 2.84%.

Amortization

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

Year ending December 31	Capital Lease	Refunding Notes, Series 2017	Total Principal and Interest
2019	\$67,274	\$204,457	\$271,731
2020	67,274	206,618	273,892
2021	-	205,789	205,789
2022	-	205,651	205,651
2023	-	206,979	206,979
2024 - 2026	-	461,970	461,970
Total	<u>\$134,548</u>	<u>\$1,491,464</u>	<u>\$1,626,012</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Bastin & Company, LLC

Certified Public Accountants

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

Springfield Township
Clark County
2777 Springfield Xenia Road
Springfield, Ohio 45506

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, Clark County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated April 7, 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.

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 2019-01 to be a material weakness.

Compliance and Other Matters

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

Township's Response to Finding

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
April 17, 2020

Springfield Township
Clark 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 2019-01 – Audit Adjustments

Material Weakness - Financial Reporting

The following audit adjustments were required to be made to the financial statements that were not initially identified by the Township's internal control.

The following adjustments were made that resulted in changes in fund cash balances of individual funds:

- During 2019, \$7,299 of expenditures relating to a drain installation and repair was inadvertently charged to the EMS Services 2 Mill Fund. The expenditure should have been charged to the Road and Bridge Fund.
- During 2019, \$30,543 of receipts and \$27,735 of expenditures related to hotel/motel tax for convention and visitors bureau activity collected and expended in accordance with ORC Section 5739.09(B) was incorrectly recorded in the General Fund. These activities should have been recorded in the Motel/Hotel CVB Fund.

Other adjustments and reclassifications made that resulted in changes to recorded receipt and disbursement classifications were as follows:

- During 2019 the Township was awarded \$101,315 of Federal CDBG grant funding that was passed through the County, who made grant related expenditures to vendors on behalf of the Township. The Township did not record the related receipt and expenditure activity.
- During 2018 the Township recorded the effects of prior audit adjustments to receipt activities instead of adjusting beginning of the year cash fund balances. As a result \$9,262 of receipts initially posted by the Township were adjusted to beginning of the year cash balances.
- During 2018 the Township incorrectly classified \$9,460 of interest expense on debt payments as principal retirement.
- During 2018 the Township incorrectly classified \$174,667 of property tax receipts as intergovernmental receipts.
- For 2018, a portion of the General Fund's unassigned fund cash balance was reclassified to assigned fund balance in the amount of \$311,206. The reclassification was made to report the portion of year end fund cash balance that has been assigned to fund the subsequent year's appropriations in accordance with the requirements of GASB 54. Additional adjustments were made 2018 totaling \$611,915 to properly classify fund balance classifications for various funds in the special revenue fund type.

In addition, for 2019 and 2018 the Township's accounting system was not updated and did not properly reflect amounts appropriated as approved by the Board of Trustees.

The Township's financial statements and footnotes have been adjusted to reflect proper amounts.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Township implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

Township's Response

During the audit period the Township experienced employee turnover in the finance area. The Township will consider the reported items and work to ensure they are properly presented in the accounting system and draft financial statements that are presented for audit in the future.

Springfield Township
Clark County
Summary Schedule of Prior Audit Findings
December 31, 2019 and 2018

Finding Number	Finding Summary	Status	Additional Information
2017-01	Audit Adjustments	Not corrected	Current year conditions included as finding number 2019-01

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OHIO AUDITOR OF STATE
KEITH FABER



SPRINGFIELD TOWNSHIP

CLARK 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
MAY 26, 2020**