



OHIO AUDITOR OF STATE
KEITH FABER



**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Springfield Township
Hamilton County
9150 Winton Road
Cincinnati, Ohio 45231

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, Hamilton County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018 and 2017, 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, Hamilton County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2019, 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

September 5, 2019

SPRINGFIELD TOWNSHIP, HAMILTON COUNTY

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$173,303	\$11,581,190	\$488,982	\$12,243,475
Charges for Services	0	1,279,960	0	1,279,960
Licenses, Permits and Fees	508,550	0	0	508,550
Fines and Forfeitures	19,372	277,878	0	297,250
Intergovernmental	3,659,900	2,796,452	263,693	6,720,045
Special Assessments	67,641	175	0	67,816
Earnings on Investments	122,145	5,320	0	127,465
Miscellaneous	351,503	313,106	28,932	693,541
<i>Total Cash Receipts</i>	<u>4,902,414</u>	<u>16,254,081</u>	<u>781,607</u>	<u>21,938,102</u>
Cash Disbursements				
Current:				
General Government	2,329,772	0	0	2,329,772
Public Safety	0	13,459,211	0	13,459,211
Public Works	1,704,574	1,318,283	0	2,947,624
Health	63,557	0	0	63,557
Conservation-Recreation	481,882	0	0	481,882
Other	0	22,137	353,065	375,202
Capital Outlay	66,865	627,679	1,221,546	1,916,090
Debt Service:				
Principal Retirement	235,090	514,542	69,760	894,625
Interest and Fiscal Charges	62,808	141,571	27,046	231,425
<i>Total Cash Disbursements</i>	<u>4,944,548</u>	<u>16,083,423</u>	<u>1,671,417</u>	<u>22,699,388</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(42,134)</u>	<u>170,658</u>	<u>(889,810)</u>	<u>(761,286)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	0	0	568,623	568,623
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>568,623</u>	<u>568,623</u>
<i>Net Change in Fund Cash Balances</i>	<u>(42,134)</u>	<u>170,658</u>	<u>(321,187)</u>	<u>(192,663)</u>
<i>Fund Cash Balances, January 1</i>	<u>6,713,228</u>	<u>11,613,936</u>	<u>611,387</u>	<u>18,938,551</u>
Fund Cash Balances, December 31				
Restricted	0	11,527,976	290,200	11,818,176
Committed	0	256,618	0	256,618
Assigned	1,413,035	0	0	1,413,035
Unassigned (Deficit)	5,258,059	0	0	5,258,059
<i>Fund Cash Balances, December 31</i>	<u>\$6,671,094</u>	<u>\$11,784,594</u>	<u>\$290,200</u>	<u>\$18,745,888</u>

See accompanying notes to the basic financial statements

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**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Springfield Township, Hamilton County (the Township) as a body corporate and politic. The subdivision was established in 1795 and is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, police and fire protection, emergency medical services, zoning, senior services, and parks and recreation. The Township also contracts with Colerain Township and the City of Springdale to provide fire protection and emergency medical services in specific areas of the Township.

The Township participates in joint ventures, jointly governed organizations, related organizations and a public entity risk pool. Notes 6, 11, 12 and 13 to the financial statements provide additional information for these entities. These organizations are:

Joint Ventures:

Springfield Township Community Improvement Corporation

Jointly Governed Organizations:

The Township participates in jointly governed organizations with the City of Mt. Healthy known as the Springfield Township - Mt. Healthy Joint Economic Development District (JEDD) and the Springfield Township - Mt. Healthy Joint Economic Development Zone (JEDZ).

Northeast Hamilton County Drug Task Force (DART)

Related Organizations:

Springfield Township Arts and Enrichment Council

Public Entity Risk Pool:

The Ohio Plan Risk Management (OPRM) is a risk sharing pool available to Ohio Townships.

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

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 (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

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

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF PRESENTATION
(Continued)**

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:

Police District Fund - This fund receives property tax revenue to provide police protection in the Township.

Fire District Fund - This fund receives property tax revenue to provide fire protection in the Township.

Road District Fund - This fund receives property tax revenue for the purpose of constructing, reconstructing, resurfacing or improving public roads.

Capital Project Funds

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

Public Improvement Tax Increment Fund - A portion of this fund captures activity related to real property improvements funded with tax increment financing and other economic development purposes.

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(0). 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(0) 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.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF PRESENTATION
(Continued)**

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 2018 budgetary activity appears in Note 4.

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 enters into written repurchase agreements with North Side Bank and Trust Company for the investment of interim deposits.

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.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF PRESENTATION
(Continued)**

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* amount 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.

Property, Plant and Equipment

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

3. EQUITY IN POOLED 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:

	<u>2018</u>
Demand deposits	<u>\$65,000</u>
Total deposits	<u>65,000</u>
Repurchase agreement	<u>18,867,691</u>
Total investments	<u>18,867,691</u>
Total deposits and investments	<u>\$ 18,932,691</u>

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

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)

Investments: U.S. Treasury Notes and federal government agency securities held by the bank as collateral are marked to market daily and meet the requirement that the value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least 2 percent.

4. BUDGETARY ACTIVITY

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

<u>Fund Type</u>	<u>2018 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$4,209,541	\$4,902,414	\$ 692,873
Special Revenue	15,495,302	16,254,081	758,779
Capital Projects	<u>1,350,230</u>	<u>1,350,230</u>	<u>0</u>
Total	<u>\$21,055,073</u>	<u>22,506,725</u>	<u>\$1,451,558</u>

<u>Fund Type</u>	<u>2018 Budgeted vs. Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General	\$5,924,864	\$5,191,336	\$733,528
Special Revenue	19,481,116	16,446,382	3,034,734
Capital Projects	<u>1,884,623</u>	<u>1,722,565</u>	<u>162,058</u>
Total	<u>\$27,290,603</u>	<u>\$23,360,283</u>	<u>\$3,930,320</u>

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

5. PROPERTY TAX

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

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

6. RISK MANAGEMENT

The Township belongs to the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, non-profit providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 764 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 47% casualty and the 30% property portions the Plan retains. The Plan retains the lesser of 47% or \$117,500 of casualty losses and the lesser of 30% or \$300,000 of property losses. The Plan is also participating in a property primary excess of loss treaty. This treaty reimburses the Plan 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. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2017 and 2016 (the latest information available):

	2017	2016
Assets	\$14,853,620	\$14,765,712
Liabilities	(9,561,108)	(9,531,506)
Members' Equity	\$5,292,512	\$5,234,206

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

6. RISK MANAGEMENT (Continued)

You can read the complete audited financial statements for The Ohio Plan Risk Management at the Plan's website, www.ohioplan.org.

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

Comprehensive property and general liability;
Vehicles; and
Errors and omissions.

7. SELF-INSURANCE

The Township is self-insured for employee health insurance. The Township pays a fixed monthly cost per employee as well as all claims up to \$75,000 annually per employee (including his/her dependents.) All claims above \$75,000 annually are paid by the Township's stop loss carrier, Optum. The monthly fixed costs and claims are paid directly from the General, Police, Fire or DART fund depending on which fund is charged for the employee's salary expenses. Amounts reasonably sufficient are appropriated annually in the General, Police, and Fire and DART funds to cover claims costs.

8. DEFINED BENEFIT PENSION PLANS

The Township's full-time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January 1, 2018 through December 31, 2018, OP&F participants contributed 12.25% of their wages. For 2018, the Township contributed to OP&F an amount equal .to 24% of full-time fire fighters' wages. For 2018, OPERS REGULAR members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. For 2018, law enforcement members contributed 13.0% of their gross wages. In 2018, the Township's law enforcement division employer contribution rate was 18.1% of covered payroll. The Township has paid all contributions required through December 31, 2018.

SOCIAL SECURITY

Springfield Township's part-time fire-fighters contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participant's gross salaries. The Township has paid all contributions required through December 31, 2018.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

9. POST EMPLOYMENT 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 of both the traditional pension and the combined plans.

10. DEBT

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
OPWC - CB12F	\$71,011	0%
OPWC-CB18N	300,460	0%
OPWC-CB22D	82,050	0%
OPWC-CB21Q	135,501	0%
OPWC-CB42R	126,086	0%
OPWC - CB16T	190,727	0%
OPWC - CB26U	83,258	0%
OPWC-CB04T	286,136	0%
OPWC-CB05U	505,526	0%
Series 2004 Bonds	750,000	2.30%
Series 2006 Bonds	505,526	2-4%
Total	\$8,320,754	

The general obligation bonds and Ohio Public Works Commission project loans are collateralized by the Township's taxing authority are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. Debt is paid from the General, Police District, Fire District, Road District and Permissive Motor Vehicle License Tax Funds.

Amortization of the previously mentioned debt, including interest, is as follows:

Year	OPWC Loans	Series 2004 Bonds	Series 2006 Bonds
2019	\$ 126,280	\$ 142,250	\$ 759,950
2020	133,433	139,414	763,000
2021	133,433	136,500	760,450
2022	106,084	133,625	757,450
2023	106,084	130,750	764,000
2024-2028	328,675	127,883	3,062,000
2029-2033	202,182		
2034-2038	637,431		
2039	7,153		
Total	\$ 1,780,755	\$ 810,422	\$ 6,866,850

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

11. JOINT VENTURES

SPRINGFIELD TOWNSHIP COMMUNITY IMPROVEMENT CORPORATION

The Springfield Township Community Improvement Corporation (CIC) is a non-profit 501(C)(3) that was created by the Springfield Township Trustees and certified by the State of Ohio, Secretary of State in February 2014. The CIC was created in order to advance, encourage and promote industrial, economic, commercial, housing and civic development in Springfield Township. The CIC has been designated by the Springfield Township Board of Trustees as the Economic Development agent for Springfield Township. Springfield Township contributed \$255,000 to the CIC in 2018 to support economic development grant programs.

12. JOINTLY GOVERNED ORGANIZATIONS

JOINT ECONOMIC DEVELOPMENT DISTRICT I

Springfield Township participates in a Joint Economic Development District (JEDD) with the City of Mt. Healthy. The JEDD I is located entirely within Springfield Township, Hamilton County. The purpose of the JEDD I is to facilitate the development of jobs and employment opportunities along with improving the welfare of people in the State of Ohio and the area of the contracting parties.

The proceeds of the JEDD I are used to provide expanded public services to the JEDD I, for example, police protection, fire protection, civil defense, local government, administration, and so forth commensurate with economic growth.

The joint venture between the Township and the City of Mt. Healthy is defined in the following manner:

Springfield Township receives 75% of the net income tax revenue collected. The City of Mt. Healthy receives 25% of the net income tax revenue collected.

The City of Mt. Healthy contracts with the Regional Income Tax Agency (RITA) to administer and collect the income tax and the City of Mt. Healthy reports monthly to Springfield Township.

JOINT ECONOMIC DEVELOPMENT ZONE I

Springfield Township residents voted on May 6, 2014 to establish a Joint Economic Development Zone I (JEDZ I). The creation of the JEDZ I enables the implementation of an earnings tax of 1.5% on individuals working in the zone and on the net profits of businesses located in the zone. State law requires a partnering jurisdiction to implement any earnings tax for townships. Springfield Township partners with the City of Mt. Healthy. The City of Mt. Healthy contracts with the Regional Income Tax Agency (RITA) for tax collection. The revenue generated through the JEDZ I earnings tax is used to continue current services and implement economic development initiatives for the improvement of existing commercial districts and the neighborhoods that support local businesses.

The joint venture between the governmental entities is defined in the following manner:

Springfield Township receives 85% of the net Income revenue collected up to \$1,500,000. Once gross collections exceed \$1,500,000, the Township receives 90%.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

12. JOINTLY GOVERNED ORGANIZATIONS

The City of Mt. Healthy receives 15% of the net income revenue collected up to \$1,500,000. Once gross collections exceed \$1,500,000, the City receives 10%.

The City of Mt. Healthy contracts with the Regional Income Tax Agency (RITA) to administer and collect the income tax and the City of Mt. Healthy reports monthly to Springfield Township.

DART

Springfield Township is the administering agency for the Northeast Hamilton County Drug Task Force (DART). Springfield Township receives, allocates, and expenses funds from federal, state and local sources for the purposes established by the DART Collaboration Board. Springfield Township participates in a cooperative and supportive arrangement with Cheviot, Colerain Township, Delhi Township, Evendale, Fairfax, Forest Park, Greenhills, Green Township, Harrison, Lockland, Loveland, Madeira, Mariemont, Montgomery, Mt. Healthy, North College Hill, Norwood and Springdale. DART is primarily funded through federal and state grants.

13. RELATED ORGANIZATIONS

SPRINGFIELD TOWNSHIP ART AND ENRICHMENT COUNCIL

Springfield Township Board of Trustees passed a resolution on September 26, 2012, authorizing the creation of a 501(C)(3) Arts and Enrichment Council. The Springfield Township Arts and Enrichment Council is now a sustaining resource for arts and enrichment opportunities for the community. The mission of the Springfield Township Arts and Enrichment Council is to create an engaged and vibrant community with quality of life enhancements through the arts, community events, and parks and recreation. The non-profit organization helps to assist the township with community programming and special events. As a 501(C)(3) organization, the arts council is able to qualify for additional grant funding and have the ability to offer tax deductions for private donations. The Arts and Enrichment Council is primarily funded through grants, donations and operations.

SPRINGFIELD TOWNSHIP, HAMILTON COUNTY

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2017

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$164,454	\$11,340,492	\$407,130	\$11,912,076
Charges for Services	0	1,151,969	0	1,151,969
Licenses, Permits and Fees	460,676	0	0	460,676
Fines and Forfeitures	18,957	127,726	0	146,683
Intergovernmental	4,114,572	2,695,953	917,315	7,727,840
Special Assessments	67,185	1,036	0	68,221
Earnings on Investments	91,826	4,000	0	95,826
Miscellaneous	462,598	360,808	0	823,406
<i>Total Cash Receipts</i>	<u>5,380,268</u>	<u>15,681,984</u>	<u>1,324,445</u>	<u>22,386,697</u>
Cash Disbursements				
Current:				
General Government	2,375,783	0	0	2,375,783
Public Safety	0	13,066,166	0	13,066,166
Public Works	1,304,840	1,464,364	0	2,769,204
Health	54,254	0	0	54,254
Conservation-Recreation	419,395	0	0	419,395
Other	0	26,692	268,619	295,311
Capital Outlay	14,770	666,551	1,665,516	2,346,837
Debt Service:				
Principal Retirement	232,060	514,641	0	746,701
Interest and Fiscal Charges	68,894	181,306	0	250,200
<i>Total Cash Disbursements</i>	<u>4,469,996</u>	<u>15,919,720</u>	<u>1,934,135</u>	<u>22,323,851</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>910,272</u>	<u>(237,736)</u>	<u>(609,690)</u>	<u>62,846</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	0	0	551,306	551,306
Sale of Capital Assets	0	11,209	0	11,209
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>11,209</u>	<u>551,306</u>	<u>562,515</u>
<i>Net Change in Fund Cash Balances</i>	<u>910,272</u>	<u>(226,527)</u>	<u>(58,384)</u>	<u>625,361</u>
<i>Fund Cash Balances, January 1</i>	<u>5,802,956</u>	<u>11,840,463</u>	<u>669,771</u>	<u>18,313,190</u>
Fund Cash Balances, December 31				
Restricted	0	11,409,112	611,387	12,020,499
Committed	0	204,824	0	204,824
Assigned	205,371	0	0	205,371
Unassigned (Deficit)	6,507,857	0	0	6,507,857
<i>Fund Cash Balances, December 31</i>	<u><u>\$6,713,228</u></u>	<u><u>\$11,613,936</u></u>	<u><u>\$611,387</u></u>	<u><u>\$18,938,551</u></u>

See accompanying notes to the basic financial statements

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**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Springfield Township, Hamilton County (the Township) as a body corporate and politic. The subdivision was established in 1795 and is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, police and fire protection, emergency medical services, zoning, senior services, and parks and recreation. The Township also contracts with Colerain Township to provide fire protection and emergency medical services.

The Township participates in joint ventures, jointly governed organizations, related organizations and a public entity risk pool. Notes 6, 11, 12 and 13 to the financial statements provide additional information for these entities. These organizations are:

Joint Ventures:

Springfield Township Community Improvement Corporation

Jointly Governed Organizations:

The Township participates in jointly governed organizations with the City of Mt. Healthy known as the Springfield Township – Mt. Healthy Joint Economic Development District (JEDD) and the Springfield Township – Mt. Healthy Joint Economic Development Zone (JEDZ).

Northeast Hamilton County Drug Task Force (DART)

Related Organizations:

Springfield Township Arts and Enrichment Council

Public Entity Risk Pool:

The Ohio Plan Risk Management (OPRM) is a risk sharing pool available to Ohio Townships.

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

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 (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

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

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

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:

Police District Fund - This fund receives property tax revenue to provide police protection in the Township.

Fire District Fund - This fund receives property tax revenue to provide fire protection in the Township.

Road District Fund – This fund receives property tax revenue for the purpose of constructing, reconstructing, resurfacing or improving public roads.

Capital Project Funds

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

Public Improvement Tax Increment Fund – A portion of this fund captures activity related to real property improvements funded with tax increment financing and other economic development purposes.

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 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.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

Estimated Resources

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

Encumbrances

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

A summary of 2017 budgetary activity appears in Note 4.

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 enters into written repurchase agreements with North Side Bank and Trust Company for the investment of interim deposits.

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.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

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* amount 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.

Property, Plant and Equipment

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

3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2017
Demand deposits	\$ 66,617
Total deposits	66,617
Repurchase agreement	19,141,685
Total investments	19,141,685
Total deposits and investments	\$ 19,208,303

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

Investments: U.S. Treasury Notes and federal government agency securities held by the bank as collateral are marked to market daily and meet the requirement that the value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least 2 percent.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

4. BUDGETARY ACTIVITY

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,896,682	\$5,380,268	\$(1,483,586)
Special Revenue	15,077,933	15,693,193	(615,260)
Capital Projects	1,842,867	1,875,751	(32,884)
Total	\$20,817,482	\$22,949,212	\$(2,131,730)

2017 Budgeted vs. Actual Budgetary Basis
Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,241,185	\$4,675,367	\$565,818
Special Revenue	19,199,194	16,200,025	2,999,169
Capital Projects	2,389,121	1,936,833	454,288
Total	\$26,829,500	\$22,812,225	\$4,017,275

5. PROPERTY TAX

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

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

6. RISK MANAGEMENT

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

6. RISK MANAGEMENT (Continued)

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, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014 the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (the latest information available).

	2015	2014
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

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

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

7. SELF-INSURANCE

The Township is self-insured for employee health insurance. The Township pays a fixed monthly cost per employee as well as all claims up to \$75,000 annually per employee (including his/her dependents.) All claims above \$75,000 annually are paid by the Township's stop loss carrier, Optum. The monthly fixed costs and claims are paid directly from the General, Police, Fire or DART fund depending on which fund is charged for the employee's salary expenses. Amounts reasonably sufficient are appropriated annually in the General, Police, and Fire and DART funds to cover claims costs.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

8. DEFINED BENEFIT PENSION PLANS

The Township's full-time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January 1, 2017 through December 31, 2017, OP&F participants contributed 12.25% of their wages. For 2017, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2017, OPERS REGULAR members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. For 2017, law enforcement members contributed 13.0% of their gross wages. In 2017, the Township's law enforcement division employer contribution rate was 18.1% of covered payroll. The Township has paid all contributions required through December 31, 2017.

SOCIAL SECURITY

Springfield Township's part-time fire-fighters contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participant's gross salaries. The Township has paid all contributions required through December 31, 2017.

9. POST EMPLOYMENT 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 of both the traditional pension and the combined plans.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

10. DEBT

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
OPWC - CB12F	\$83,922	0%
OPWC - CB18N	340,522	0%
OPWC - CB22D	109,400	0%
OPWC - CB21Q	143,472	0%
OPWC - CB42R	132,902	0%
OPWC - CB16T	226,869	0%
OPWC - CB04T	223,038	0%
OPWC - CB26U	101,399	0%
OPWC - CB05U	0	0%
Series 2004 Bonds	875,000	2.30%
Series 2006 Bonds	6,335,000	2-4%
Total	\$8,571,521	

The general obligation bonds and Ohio Public Works Commission project loans are collateralized by the Township's taxing authority are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. Debt is paid from the General, Police District, Fire District, Road District and Permissive Motor Vehicle License Tax Funds.

Amortization of the previously mentioned debt, including interest, is as follows:

Year	OPWC Loans	Series 2004 Bonds	Series 2006 Bonds
2018	\$ 107,117	\$ 145,125	\$ 756,300
2019	126,280	142,250	759,950
2020	133,433	139,414	763,000
2021	133,434	136,500	760,450
2022	106,084	133,625	757,450
2023-2027	406,125	258,633	3,826,000
2028-2032	202,182		
2033-2037	141,194		
2038-2042	5,672		
Total	\$ 1,361,521	\$ 955,547	\$ 7,623,150

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

11. JOINT VENTURES

SPRINGFIELD TOWNSHIP COMMUNITY IMPROVEMENT CORPORATION

The Springfield Township Community Improvement Corporation (CIC) is a non-profit 501©(3) that was created by the Springfield Township Trustees and certified by the State of Ohio, Secretary of State in February 2014. The CIC was created in order to advance, encourage and promote industrial, economic, commercial, housing and civic development in Springfield Township. The CIC has been designated by the Springfield Township Board of Trustees as the Economic Development agent for Springfield Township. Springfield Township contributed \$250,000 to the CIC in 2017 to support economic development grant programs.

12. JOINTLY GOVERNED ORGANIZATIONS

JOINT ECONOMIC DEVELOPMENT DISTRICT I

Springfield Township participates in a Joint Economic Development District (JEDD) with the City of Mt. Healthy. The JEDD I is located entirely within Springfield Township, Hamilton County. The purpose of the JEDD I is to facilitate the development of jobs and employment opportunities along with improving the welfare of people in the State of Ohio and the area of the contracting parties.

The proceeds of the JEDD I are used to provide expanded public services to the JEDD I, for example, police protection, fire protection, civil defense, local government, administration, and so forth commensurate with economic growth.

The joint venture between the Township and the City of Mt. Healthy is defined in the following manner:

Springfield Township receives 75% of the net income tax revenue collected. The City of Mt. Healthy receives 25% of the net income tax revenue collected.

The City of Mt. Healthy contracts with the Regional Income Tax Agency (RITA) to administer and collect the income tax and the City of Mt. Healthy reports monthly to Springfield Township.

JOINT ECONOMIC DEVELOPMENT ZONE I

Springfield Township residents voted on May 6, 2014 to establish a Joint Economic Development Zone I (JEDZ I). The creation of the JEDZ I enables the implementation of an earnings tax of 1.5% on individuals working in the zone and on the net profits of businesses located in the zone. State law requires a partnering jurisdiction to implement any earnings tax for townships. Springfield Township partners with the City of Mt. Healthy. The City of Mt. Healthy contracts with the Regional Income Tax Agency (RITA) for tax collection. The revenue generated through the JEDZ I earnings tax is used to continue current services and implement economic development initiatives for the improvement of existing commercial districts and the neighborhoods that support local businesses.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

12. JOINTLY GOVERNED ORGANIZATIONS (Continued)

The joint venture between the governmental entities is defined in the following manner: Springfield Township receives 85% of the net income revenue collected up to

\$1,500,000. Once gross collections exceed \$1,500,000, the Township receives 90%.

The City of Mt. Healthy receives 15% of the net income revenue collected up to \$1,500,000. Once gross collections exceed \$1,500,000, the City receives 10%.

The City of Mt. Healthy contracts with the Regional Income Tax Agency (RITA) to administer and collect the income tax and the City of Mt. Healthy reports monthly to Springfield Township.

DART

Springfield Township is the administering agency for the Northeast Hamilton County Drug Task Force (DART). Springfield Township receives, allocates, and expenses funds from federal, state and local sources for the purposes established by the DART Collaboration Board. Springfield Township participates in a cooperative and supportive arrangement with Cheviot, Colerain Township, Delhi Township, Evendale, Fairfax, Forest Park, Greenhills, Green Township, Harrison, Lockland, Loveland, Madeira, Mariemont, Montgomery, Mt. Healthy, North College Hill, Norwood and Springdale. DART is primarily funded through federal and state grants.

13. RELATED ORGANIZATIONS

SPRINGFIELD TOWNSHIP ART AND ENRICHMENT COUNCIL

Springfield Township Board of Trustees passed a resolution on September 26, 2012, authorizing the creation of a 501(C)(3) Arts and Enrichment Council. The Springfield Township Arts and Enrichment Council is now a sustaining resource for arts and enrichment opportunities for the community. The mission of the Springfield Township Arts and Enrichment Council is to create an engaged and vibrant community with quality of life enhancements through the arts, community events, and parks and recreation. The non-profit organization helps to assist the township with community programming and special events. As a 501(C)(3) organization, the arts council is able to qualify for additional grant funding and have the ability to offer tax deductions for private donations. The Arts and Enrichment Council is primarily funded through grants, donations and operations.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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

Springfield Township
Hamilton County
9150 Winton Road
Cincinnati, Ohio 45231

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, Hamilton County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated September 5, 2019 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 2018-001 to be a material weakness.

Compliance and Other Matters

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

Township's Response to Findings

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

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

September 5, 2019

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 and 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Material Weakness – Financial Reporting

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

The following conditions related to management controls over financial reporting were identified:

- Tax Increment Financing receipts totaling \$30,326 in 2017 in the Capital Projects Funds were incorrectly posted to Intergovernmental receipts rather than Property and Other Local Taxes receipts.
- Joint Economic Development District and Zone (JEDZ) receipts totaling \$3,009,654 and \$2,872,768 in 2017 and 2018, respectively, in the General Fund were incorrectly posted to Property and Other Local Taxes receipts rather than Intergovernmental receipts. Auditor of State Bulletin 2009-004 provides guidance on classifying JEDZ receipts as Intergovernmental receipts.
- \$232,325 in OPWC grant (Intergovernmental) receipts were incorrectly posted to Other Debt Proceeds in the Capital Projects Funds in 2017.
- \$152,703 in OPWC debt proceed receipts were incorrectly posted to Intergovernmental receipts in the Capital Projects Funds in 2018.
- Public Works disbursements totaling \$603,148 and \$75,233 in 2017 and 2018, respectively, in the General Fund, were incorrectly posted to Principal Retirement.
- Assigned Fund Balance totaling \$1,166,247 in 2018, in the General Fund was incorrectly classified as Unassigned Fund Balance. Auditor of State Bulletin 2011-004 provides guidance on classifying fund balance.

The Township adjusted the financial statements.

Failure to accurately report financial activity increases the risk of material errors in the financial statements. Due care should be exercised when posting entries to the financial records and financial statement preparation. The Township officials should review the Ohio Township Handbook and Audit Bulletins to ensure that transactions are posted to the proper account codes and funds, and should take steps to make sure the financial statements accurately reflect the Township's financial information, including internal control policies and procedures to review and approve the financial statements prior to submission for audit.

**FINDING NUMBER 2018-001
(Continued)**

Officials' Response:

In 2014, Springfield Township residents voted to establish a Joint Economic Development Zone. The Township contracted with the City of Mt. Healthy to begin collecting an earnings tax on individuals working in the Township. In 2014, this was a relatively new practice and the Township did a significant amount of research that included contacting the State of Ohio Auditor's office, Local Government Services and other local governments in Ohio to determine the best practices for collecting the revenue and all other related transactions. The Township was not provided with clear guidance from any resources that were contacted and was never made aware from the Auditor's office that a bulletin had been issued providing guidance. The Township has had three years of previous audits without any mention of the requirement that JEDZ revenue be recorded as Intergovernmental Revenue rather than Other Local Tax Revenue. The Township is happy to comply with guidance when that guidance is made available and management is aware that the guidance exists.

Springfield Township has been successful at obtaining SCIP grants to fund road repairs. The SCIP grants have historically been structured as 50 percent grant and 50 percent loan. The Ohio Public Works Commission makes all payments to vendors on behalf of the Township and therefore, no money is ever actually received by the Township or paid out by the Township. The OPWC revenue that is referenced above is simply an on behalf of recording that we are required to record to show in our accounting records that Springfield Township obtained and used OPWC funding for road repair projects. There have been some discrepancies between the Township and the Ohio Public Works Commission records that have resulted in differences in the way these on behalf of recordings have been handled. But at no time did these differences affect any cash since the Township does not receive any money or pay any money out for these projects.

Management will take steps to ensure that public works disbursements are correctly posted in the future as well as all fund balances are classified correctly. This is the first time that these situations have been brought to management's attention. We are glad to take steps to ensure that these transactions and fund balance classifications adhere to all accounting and auditing requirements. The Township now has a better understanding of how these disbursements should be recorded and the fund balances should be classified.



Springfield Township Elected Officials
 Mark Berning, Trustee
 Joseph Honerlaw, Trustee
 Gwen McFarlin, Trustee
 Dan Berning, Fiscal Officer

ADMINISTRATION DEPARTMENT
 www.springfieldtwp.org
 513 522 1410

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Establish a bond retirement fund	Fully Correctly	
2016-002	Proper Classification of Funds Balance, Receipts and Disbursements.	Not Corrected	Re-issued as Finding 2018-001

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OHIO AUDITOR OF STATE KEITH FABER



SPRINGFIELD TOWNSHIP

HAMILTON 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
SEPTEMBER 24, 2019**