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## **Springfield Township, Ohio**

Basic Financial Statements  
Years Ended December 31, 2010  
with Independent Auditors' Report





# Dave Yost • Auditor of State

Board of Trustees  
Springfield Township  
9150 Winston Road  
Cincinnati, Ohio 45231

We have reviewed the *Independent Auditors' Report* of Springfield Township, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2010 through December 31, 2010. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 13, 2012

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Springfield Township, Ohio:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Ohio (the Township) as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Ohio, as of December 31, 2010, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Police District Fund, and Fire District Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2012 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

one east fourth street, ste. 1200  
cincinnati, oh 45202

www.cshco.com  
p. 513.241.3111  
f. 513.241.1212

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
April 24, 2012



Springfield Township, Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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This discussion and analysis of Springfield Township's financial performance provides an overall review of Springfield Township's financial activities for the year ended December 31, 2010, within the limitations of Springfield Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of Springfield Township's financial performance.

**Highlights**

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$412,221 or about 4 percent. The Township continues to experience rising costs of employment, fuel, utilities and general inflationary cost increases.

Springfield Township's general receipts are primarily derived from property taxes. These receipts represent 56 percent of the total cash received for governmental activities during the year.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to Springfield Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of Springfield Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of Springfield Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of Springfield Township-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. Springfield Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under Springfield Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Springfield Township, Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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**Reporting Springfield Township as a Whole**

The statement of net assets and the statement of activities reflect how Springfield Township did financially during 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of Springfield Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from Springfield Township's general receipts.

These statements report Springfield Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure Springfield Township's financial health. Over time, increases or decreases in Springfield Township's cash position is one indicator of whether Springfield Township's financial health is improving or deteriorating. When evaluating Springfield Township's financial condition, you should also consider other non-financial factors as well such as Springfield Township's property tax base, the condition of Springfield Township's capital assets and infrastructure, the extent of Springfield Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, only governmental activities are referenced. Springfield Township (as a governmental entity) has no business-type activity. Springfield Township's basic services are reported here, including police, fire, streets and parks. Property taxes and grant funds finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the specific people receiving them.

**Reporting Springfield Township's Most Significant Funds**

Fund financial statements provide detailed information about Springfield Township's three major funds – the General Fund, the Police District Fund and the Fire District Fund. Springfield Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

Springfield Township's activities are reported in governmental funds. Fund financial statements provide a detailed view of Springfield Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance Township programs. Springfield Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. Springfield Township's major governmental funds are the General Fund, the Fire District Fund and the Police District Fund. The programs reported in governmental funds are closely related to those reported in governmental activities section of the entity-wide statements.

Springfield Township, Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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**Springfield Township as a Whole**

Table 1 provides a summary of Springfield Township's net assets for 2010 compared to 2009 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2010	2009
<b>Assets</b>		
Equity in Pooled Cash & Cash Equivalents	\$ 10,431,959	\$ 10,019,738
Total Assets	\$ 10,431,959	\$ 10,019,738
<b>Net Assets</b>		
Restricted for:		
Capital Projects	\$ 22,107	\$ 496,372
Police District	\$ 3,197,248	\$ 2,692,897
Fire District	\$ 2,623,313	\$ 2,722,799
Other Purposes	\$ 2,065,674	\$ 2,476,456
Unrestricted	\$ 2,523,617	\$ 1,631,214
Total Net Assets	\$ 10,431,959	\$ 10,019,738

As noted, net assets of governmental activities increased \$412,221 or about 4 percent during 2010. Results improved compared to the loss of \$1,726,783 in net assets from 2009 to 2010. Revenues increased due to a 2.5 mill property tax levy for the Police District Fund and increased estate tax collections.

Table 2 presents a comparative analysis of the change in net assets in 2010 and 2009.

Springfield Township, Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

(Table 2)		
Changes in Net Assets		
	Governmental	Governmental
	Activities	Activities
	2010	2009
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 1,073,548	\$ 949,926
Operating Grants and Contributions	\$ 683,205	\$ 510,136
Capital Grants and Contributions	\$ -	\$ 644,790
Total Program Receipts	<u>\$ 1,756,753</u>	<u>\$ 2,104,852</u>
General Receipts:		
Property and Other Local Taxes	\$ 11,883,580	\$ 10,596,218
Grants and Entitlements Not Restricted to Specific Programs	\$ 5,580,940	\$ 3,881,156
Proceeds of Loans	\$ 1,073,920	\$ -
Interest	\$ 258,864	\$ 337,446
Miscellaneous	\$ 714,816	\$ 262,954
Total General Receipts	<u>\$ 19,512,120</u>	<u>\$ 15,077,774</u>
Total Receipts	<u>\$ 21,268,873</u>	<u>\$ 17,182,626</u>
Disbursements:		
General Government	\$ 1,196,012	\$ 1,529,047
Public Safety	\$ 12,582,154	\$ 12,199,372
Public Works	\$ 2,069,256	\$ 1,465,025
Health	\$ 37,917	\$ 38,805
Conservation-Recreation	\$ 485,253	\$ 361,864
Other	\$ 295,228	\$ 664,819
Capital Outlay	\$ 3,133,542	\$ 1,482,858
Principal Retirement	\$ 530,131	\$ 618,603
Interest	\$ 527,159	\$ 549,016
Total Disbursements	<u>\$ 20,856,652</u>	<u>\$ 18,909,409</u>
Increase (Decrease) in Net Assets	\$ 412,221	\$ (1,726,783)
Net Assets, January 1	\$ 10,019,738	\$ 11,746,521
Net Assets, December 31	<u>\$ 10,431,959</u>	<u>\$ 10,019,738</u>

Program receipts represent 8 percent of total receipts in 2010 and are primarily comprised of restricted intergovernmental receipts such as resource officer payments, ambulance service fees, capital projects' grants, recycling grants, DARE grant, court fines, forfeitures, permits and rental hall receipts. This percentage is less than in 2009 due to the increased percentage of other receipts. General receipts represent 92 percent of the Government's total receipts and primarily consist of property taxes. In 2010, the Township began retention of cable franchise fees, resulting in an additional revenue stream of \$346,188. Disbursements for General Government represent the overhead costs of running Springfield Township consisting primarily of internal services such as payroll, employee benefits and purchasing, in addition to the support services provided for the other Township activities, including zoning, parks and senior center services.

Springfield Township, Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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**Governmental Activities**

On the Statement of Activities one may note that the first column lists the major services provided by Springfield Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works, which account for 60.3% and 9.9% of all governmental disbursements, respectively. General government also represents a cost of 5.7%. Principal and interest debt payments comprised 5.1% of disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the services, grants and capital received by Springfield Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost Of Services 2010	Net Cost of Services 2010
	2010	2010
General Government	\$1,196,012	\$951,398
Public Safety	12,582,154	11,520,023
Public Works	2,069,256	1,619,693
Health	37,917	37,917
Conservation-Recreation	485,253	485,253
Other	295,228	294,783
Capital Outlay	3,133,542	3,133,542
Principal Retirement	530,131	530,131
Interest	527,159	527,159
Total Expenses	\$20,856,652	\$19,099,899

**Springfield Township's Funds**

Total governmental funds had receipts of \$21,268,873 and disbursements of \$20,856,652. The total net assets increased \$412,221 due to the Township's prudent cost conservation efforts and the lessening capital project expenditures from bond funds that had been encumbered for designated purposes since issuance in 2002 and are nearing completion, as well as increased property and estate taxes.

The budget objective of the Township is to incur the expenditure responsibility of each department within the funds available for each department in order to preserve the General Fund for current and future needs. Budgeting for 2010 continues toward this objective; however the lack of additional road levy funding requires continued subsidization of the Service Department to maintain the Township roads.

Springfield Township, Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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**General Fund Budgeting Highlights**

Springfield Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010, Springfield Township amended its budget several times to reflect changes in resources and expenditures. Final budgeted receipts were greater than original budgeted receipts due to conservative estimated resources. The difference between final budgeted receipts and actual receipts is a function of the fluctuation in fourth quarter revenues.

Final disbursements in the General Fund were budgeted (appropriated) at \$4,576,444 while actual disbursements were \$3,091,769. Many expenditure items were significantly less than appropriated for, as the Township generally leaves a budget margin for weather-related utility costs, equipment and facility repairs, and other potential expenditures at year-end. The result of the differences in General Fund revenues and expenditures is the increase in the General Fund balance by \$829,367 in 2010.

**Capital Assets and Debt Administration**

Capital Assets

Springfield Township does not currently track the value of its capital assets and infrastructure, other than the annual inventory valuation of assets.

Debt

At December 31, 2010, Springfield Township's outstanding debt included \$11,740,000 in general obligation bonds issued in 2002 and 2004 with a refunding/reissue of the 2002 callable bonds in 2006 for capital improvements, \$473,000 for a Fire Apparatus loan and \$1,076,069 in Ohio Public Works Commission interest-free loans for road improvement projects.

Debt Source	Year Issued	Interest Rate	Retired 10	Outstanding Debt 12/31/10
OPWC Cap Project Loan	2001	0.00%	\$13,675	\$300,850
2002 Bond Issue	2002	3.00%	\$365,000	\$380,000
OPWC Cap Project Loan	2003	0.00%	\$6,455	\$174,299
2004 Bond Issue	2004	4.62%	\$125,000	\$1,750,000
2006 Bond Refunding	2006	3.50%	\$20,000	\$9,610,000
2010 OPWC North Hill Sub Loan	2010	0.00%	0	600,920
2010 Fire Apparatus Loan	2010	3.75%	0	473,000
Total			<u>\$530,130</u>	<u>\$13,289,069</u>

Springfield Township, Hamilton County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited and shrinking funding. We rely mainly on real property taxes and the local government fund in addition to estate taxes to support employment and services costs. With the ever-present threat of the reduction of the local government fund and the elimination of the estate tax, the Township's main mission is to encourage residential maintenance and growth and to actively recruit new commerce to the area to retain and increase local property values, and therefore property tax revenues.

**Contacting Springfield Township's Financial Management**

This financial report is designed to provide our current and potential residents, businesses, other public and private entities and creditors with a general overview of Springfield Township's finances and to reflect Springfield Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Finance Director, Dorothy J. Carter or Fiscal Officer, John Waksmundski, Springfield Township Administration, 9150 Winton Road, Cincinnati, Ohio 45231.

**Springfield Township, Hamilton County**

*Statement of Net Assets - Cash Basis*

*December 31, 2010*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$10,431,959</u>
<i>Total Assets</i>	<u><u>\$10,431,959</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$22,107
Police District	3,197,248
Fire District	2,623,313
Other Purposes	2,065,674
Unrestricted	<u>2,523,617</u>
<i>Total Net Assets</i>	<u><u>\$10,431,959</u></u>

See accompanying notes to the basic financial statements



**Springfield Township, Hamilton County**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2010*

	Program Cash Receipts				Net Disbursements Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General Government	\$1,196,012	\$244,614	\$0	\$0	(\$951,398)
Public Safety	12,582,154	827,819	234,312	0	(11,520,023)
Public Works	2,069,256	670	448,893	0	(1,619,693)
Health	37,917	0	0	0	(37,917)
Human Services	24,827	0	0	0	(24,827)
Conservation-Recreation	485,253	0	0	0	(485,253)
Other	270,401	445	0	0	(269,956)
Capital Outlay	3,133,542	0	0	0	(3,133,542)
Debt Service					
Principal	530,130	0	0	0	(530,130)
Interest	527,160	0	0	0	(527,160)
<i>Total Governmental Activities</i>	<u>\$20,856,652</u>	<u>\$1,073,548</u>	<u>\$683,205</u>	<u>0</u>	<u>(\$19,099,899)</u>
		<b>General Receipts</b>			
		Property and Other Local Taxes			11,883,580
		Grants/Entitlements not Restricted to Programs			5,580,940
		Proceeds of Loans			1,073,920
		Interest			258,864
		Miscellaneous			714,816
		<i>Total General Receipts</i>			<u>19,512,120</u>
		Change in Net Assets			412,221
		<i>Net Assets Beginning of Year</i>			<u>10,019,738</u>
		<i>Net Assets End of Year</i>			<u><u>\$10,431,959</u></u>

See accompanying notes to the basic financial statements

**Springfield Township, Hamilton County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

	General	Police District Fund	Fire District Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$2,523,617	\$3,197,248	\$2,623,313	\$2,087,781	\$10,431,959
<i>Total Assets</i>	<u>\$2,523,617</u>	<u>\$3,197,248</u>	<u>\$2,623,313</u>	<u>\$2,087,781</u>	<u>\$10,431,959</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$63,036	\$56,853	\$6,075	\$193,572	\$319,536
Unreserved:					
Undesignated, Reported in:					
General Fund	2,460,581	0	0	0	2,460,581
Special Revenue Funds	0	3,140,395	2,617,238	1,888,578	7,646,211
Capital Projects Funds	0	0	0	5,631	5,631
<i>Total Fund Balances</i>	<u>\$2,523,617</u>	<u>\$3,197,248</u>	<u>\$2,623,313</u>	<u>\$2,087,781</u>	<u>\$10,431,959</u>

See accompanying notes to the basic financial statements

**Springfield Township, Hamilton County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
 Governmental Funds  
 For the Year Ended December 31, 2010

	General	Police District Fund	Fire District Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$224,390	\$6,310,768	\$3,832,309	\$1,516,113	\$11,883,580
Charges for Services	0	10,728	375	734,229	745,332
Licenses, Permits and Fees	368,714	3,624	0	670	373,008
Fines and Forfeitures	57,813	7,450	0	46,102	111,365
Intergovernmental	2,794,487	1,346,439	807,605	1,283,873	6,232,404
Special Assessments	54,721	0	0	3,213	57,934
Earnings on Investments	243,658	0	0	15,206	258,864
Other	177,353	254,399	11,837	88,877	532,466
<i>Total Receipts</i>	<u>3,921,136</u>	<u>7,933,408</u>	<u>4,652,126</u>	<u>3,688,283</u>	<u>20,194,953</u>
<b>Disbursements</b>					
Current:					
General Government	1,196,012	0	0	0	1,196,012
Public Safety	0	7,152,770	4,129,032	1,300,352	12,582,154
Public Works	316,699	0	0	1,752,557	2,069,256
Health	37,917	0	0	0	37,917
Human Services	0	0	0	24,827	24,827
Conservation-Recreation	485,253	0	0	0	485,253
Other	0	0	0	270,401	270,401
Capital Outlay	614,469	95,000	723,759	1,700,314	3,133,542
Debt Service:					
Principal Retirement	202,770	84,546	173,404	69,410	530,130
Interest and Fiscal Charges	175,613	96,741	198,417	56,389	527,160
<i>Total Disbursements</i>	<u>3,028,733</u>	<u>7,429,057</u>	<u>5,224,612</u>	<u>5,174,250</u>	<u>20,856,652</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>892,403</u>	<u>504,351</u>	<u>(572,486)</u>	<u>(1,485,967)</u>	<u>(661,699)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds of Loans			473,000	600,920	1,073,920
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>473,000</u>	<u>600,920</u>	<u>1,073,920</u>
<i>Net Change in Fund Balances</i>	892,403	504,351	(99,486)	(885,047)	412,221
<i>Fund Balances Beginning of Year</i>	<u>1,631,214</u>	<u>2,692,897</u>	<u>2,722,799</u>	<u>2,972,828</u>	<u>10,019,738</u>
<i>Fund Balances End of Year</i>	<u>\$2,523,617</u>	<u>\$3,197,248</u>	<u>\$2,623,313</u>	<u>\$2,087,781</u>	<u>\$10,431,959</u>

See accompanying notes to the basic financial statements

**Springfield Township, Hamilton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$209,268	\$224,390	\$224,390	\$0
Licenses, Permits and Fees	317,275	368,714	368,714	0
Fines and Forfeitures	48,100	57,813	57,813	0
Intergovernmental	2,405,930	3,246,952	2,794,487	(452,465)
Special Assessments	25,001	54,721	54,721	0
Interest	300,500	243,788	243,658	(130)
Other	89,750	178,746	177,353	(1,393)
<i>Total receipts</i>	<u>3,395,824</u>	<u>4,375,124</u>	<u>3,921,136</u>	<u>(453,988)</u>
<b>Disbursements</b>				
Current:				
General Government	1,989,831	2,014,655	1,231,066	783,589
Public Works	330,000	342,500	317,549	24,951
Health	42,917	42,917	37,917	5,000
Conservation-Recreation	623,239	623,239	505,176	118,063
Other	150,000	150,000	0	150,000
Capital Outlay	907,390	1,024,750	621,678	403,072
Debt Service:				
Principal Retirement	202,770	202,770	202,770	0
Interest and Fiscal Charges	175,613	175,613	175,613	0
<i>Total Disbursements</i>	<u>4,421,760</u>	<u>4,576,444</u>	<u>3,091,769</u>	<u>1,484,675</u>
<i>Net Change in Fund Balance</i>	(1,025,936)	(201,320)	829,367	1,030,687
<i>Fund Balance Beginning of Year</i>	1,585,559	1,585,559	1,585,559	0
Prior Year Encumbrances Appropriated	<u>45,655</u>	<u>45,655</u>	<u>45,655</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$605,278</u></u>	<u><u>\$1,429,894</u></u>	<u><u>\$2,460,581</u></u>	<u><u>\$1,030,687</u></u>

See accompanying notes to the basic financial statements

**Springfield Township, Hamilton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Police District Fund*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$6,261,293	\$6,310,768	\$6,310,768	\$0
Charges for Services	0	10,728	10,728	0
Licenses, Permits and Fees	500	2,932	3,624	692
Fines and Forfeitures	0	7,450	7,450	0
Intergovernmental	1,269,241	1,340,261	1,346,439	6,178
Other	147,465	230,145	254,399	24,254
<i>Total receipts</i>	<u>7,678,499</u>	<u>7,902,284</u>	<u>7,933,408</u>	<u>31,124</u>
<b>Disbursements</b>				
Current:				
Public Safety	7,806,965	7,831,965	7,209,623	622,342
Capital Outlay	0	99,000	95,000	4,000
Debt Service:				
Principal Retirement	84,546	84,546	84,546	0
Interest and Fiscal Charges	96,741	96,741	96,741	0
<i>Total Disbursements</i>	<u>7,988,252</u>	<u>8,112,252</u>	<u>7,485,910</u>	<u>626,342</u>
<i>Net Change in Fund Balance</i>	(309,753)	(209,968)	447,498	657,466
<i>Fund Balance Beginning of Year</i>	2,652,151	2,652,151	2,652,151	0
Prior Year Encumbrances Appropriated	40,746	40,746	40,746	0
<i>Fund Balance End of Year</i>	<u>\$2,383,144</u>	<u>\$2,482,929</u>	<u>\$3,140,395</u>	<u>\$657,466</u>

See accompanying notes to the basic financial statements

**Springfield Township, Hamilton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Fire District Fund*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$3,800,941	\$3,832,309	\$3,832,309	\$0
Charges for Services	50	370	375	5
Intergovernmental	796,054	807,605	807,605	0
Other	3,000	11,837	11,837	0
<i>Total receipts</i>	<u>4,600,045</u>	<u>4,652,121</u>	<u>4,652,126</u>	<u>5</u>
<b>Disbursements</b>				
Current:				
Public Safety	4,439,848	4,439,848	4,131,621	308,227
Capital Outlay	331,600	804,600	727,245	77,355
Debt Service:				
Principal Retirement	173,404	173,404	173,404	0
Interest and Fiscal Charges	198,417	198,417	198,417	0
<i>Total Disbursements</i>	<u>5,143,269</u>	<u>5,616,269</u>	<u>5,230,687</u>	<u>385,582</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(543,224)</u>	<u>(964,148)</u>	<u>(578,561)</u>	<u>385,587</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Loans		473,000	473,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>473,000</u>	<u>473,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(543,224)	(491,148)	(105,561)	385,587
<i>Fund Balance Beginning of Year</i>	2,719,119	2,719,119	2,719,119	0
Prior Year Encumbrances Appropriated	3,680	3,680	3,680	0
<i>Fund Balance End of Year</i>	<u>\$2,179,575</u>	<u>\$2,231,651</u>	<u>\$2,617,238</u>	<u>\$385,587</u>

See accompanying notes to the basic financial statements

Springfield Township, Hamilton County  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

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**Note 1 – Reporting Entity**

Springfield Township, Hamilton County, Ohio (the Township), is a political subdivision established in 1795 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees and managed by the Township Administrator. The Township has an elected Fiscal Officer.

The reporting entity is the primary government, which is comprised of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges and police and fire/EMS services. The Township has no *component units* – legally separate organizations for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements consist of the financial activities of the primary government. The statements provide information on the governmental activities of the Township. The Township has no business-type activities.

The statement of net assets represents the cash balances of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all other receipts not classified as special, extraordinary, transfers or advances.

**Note 2 – Summary of Significant Accounting Policies** (continued)

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. Springfield Township has only governmental funds.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township has three major governmental funds: the General Fund, the Police District Fund and the Fire District Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Police District Fund derives most of its operating revenue from a 12.61 mill real estate tax levy. The Fire District Fund derives the majority of its operating revenue from an 8.0 mill real estate tax levy. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

The Township has no proprietary or fiduciary funds.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.



Springfield Township, Hamilton County  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

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**Note 2 – Summary of Significant Accounting Policies** (continued)

The appropriations resolution is the Township’s authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. During 2010, the Township invested solely in certificates of deposit, with the Sweep account invested daily in repurchase agreements collateralized by U.S. Treasury Bills. Because all certificates of deposit with a maturity of more than three months were purchased from a pool and are readily convertible to cash, they are presented on the financial statements as cash equivalents. Interest is recorded as a receipt at the term of the investment, when the interest deposit is made to the certificate of deposit. The certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes or debt related restrictions. Interest receipts credited to the General Fund during 2010 were \$243,658.

**F. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**Note 2 – Summary of Significant Accounting Policies** (continued)

**H. Inter-Fund Receivables/Payables**

The Township reports advances-in and advances-out for inter-fund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's modified cash basis of accounting.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for all funds for which the Ohio Revised Code has set aside specific restrictions, including all special revenue funds and funds other than the general fund.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. It is the intention of the Township that all funds be self-supporting, and to the extent possible for operational purposes, all special revenue funds are utilized without general fund assistance.

**M. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances

**N. Inter-Fund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the general fund, police district fund and fire district fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$63,036 for the general fund, \$56,853 for the police district fund and \$6,075 for the fire district fund.

**Note 4 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

Springfield Township, Hamilton County  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

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**Note 4 - Deposits and Investments** (continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Deposits**

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. At year end, the Township had no undeposited cash on hand.

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits of collateral securities that are in the possession of an outside party. At year end, \$11,146,723 of the Township's bank balance of \$11,396,723 was exposed to custodial risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. All State statutory requirements for the deposit of money have been followed.

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Springfield Township, Hamilton County  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

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Tangible personal property tax receipts received during 2010 (other than public utility property tax) represent the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The tangible personal property taxes received from telephone companies in 2010 were levied after April 1, 2009, on the value as of December 31, 2009. Payments made by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The average tax rate among the seven districts within the Township for the year ended December 31, 2010, was \$115.66 per \$1,000 of assessed value, of which \$22.80 was specific to Township operations. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$602,542,980
Commercial/Industrial	\$65,571,520
Public Utility Property	\$18,500,030
Tangible Personal Property	\$652,930
Total Assessed Value	\$687,267,460

**Note 6 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2010 the Township contracted with the Hylant Group via the Ohio Government Risk Management Plan (OGRMP), a risk sharing pool available to Ohio Townships. OGRMP provides property and casualty coverage for its members. OGRMP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OGRMP. OGRMP pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OGRMP is as follows:

General Liability	\$5,000,000.	Per Occurrence
Automobile Liability	\$5,000,000.	Per Occurrence
Law Enforcement Operations	\$5,000,000.	Per Occurrence
Wrongful Acts	\$5,000,000.	Per Occurrence
Property	\$22,515,659	Total Coverage
Boiler and Machinery	\$22,515,659	Limit

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

The Township annually negotiates contracts with health insurance carriers for health, dental and life insurance coverage based on the best rates for coverage available as approved by the Board of Trustees and in keeping with any union contracts.

**Note 7 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2010, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. Members participating in the traditional plan that were in law enforcement contributed 10.5 percent of their annual covered salary. The Township's contribution rate for pension benefits for regular employees in 2010 was 14 percent, and for law enforcement employees, 17.87 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's contributions for the years ended December 2010, 2009 and 2008 were approximately \$880,000, \$950,000, and \$947,000, respectively.

**B. Ohio Police and Fire Pension Fund**

The Township provides withholding and Township share contributions for full-time Police and Fire/EMS personnel to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 19.5 percent for police and 24 percent for firefighter/EMTs. Contributions are authorized by State statute. The Township's contributions for the years ended December 2010, 2009 and 2008 were approximately \$543,000, \$501,000 and \$492,000, respectively.

**Note 8 – Post-Employment Benefits**

**A. Ohio Public Employees Retirement System**

Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. The Ohio Revised Code provided the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of covered payroll of active members. In 2010, state and local employers contributed at a rate of 14% of covered payroll, and public safety and law enforcement employers contributed at 17.87%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care Plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to the health care plan was 5.5% from January 1 through February 28, 2010 and 5% from March 1 through December 31, 2010. The portion of the Township's contributions for health care for the years ended December 31, 2010, 2009 and 2008 were approximately \$314,000, \$400,000 and \$474,000, respectively

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2010. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**Note 8 – Post-Employment Benefits** (continued)

**B. Ohio Police and Fire Pension Fund**

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost sharing multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP& F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial reports that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

The Ohio Revised Codes provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5% of covered police employee and 24% for fire employee payroll. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24 percent for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provision of Sections 115 and 401(h). The portion of the Township's contributions for health care for the years ended December 31, 2010, 2009 and 2008 were approximately \$169,000, \$155,000 and \$153,000, respectively.

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries, payment amounts vary depending on the number of covered dependents and the coverage selected.



Springfield Township, Hamilton County  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

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**Note 9 – Debt**

The Township’s long-term debt activity for the year ended December 31, 2010, was as follows:

<u>Description of Debt</u>	<u>Interest Rate</u>	<u>Balance 1/1/10</u>	<u>Principal Retired</u>	<u>New Debt</u>	<u>Balance 12/31/10</u>	<u>P &amp; I Due In 2011</u>
2001 OPWC Covered Bridge Loan	0%	\$314,525	(13,675)	0	\$300,850	\$27,350
2003 OPWC Trapp Lane Loan	0%	180,754	(6,455)	0	174,299	12,911
2002 General Obligation Bonds	3.0%	745,000	(365,000)	0	380,000	395,390
2004 General Obligation Bonds	4.62%	1,875,000	(125,000)	0	1,750,000	205,850
2006 General Obligation Bonds	3.5%	9,630,000	(20,000)	0	9,610,000	430,028
2010 OPWC North Hill Sub Loan	0%	0	0	600,920	600,920	20,031
2010 Fire Apparatus Loan	3.75%	<u>0</u>	<u>0</u>	<u>473,000</u>	<u>473,000</u>	<u>123,248</u>
Totals		<u>\$12,745,279</u>	<u>(530,130)</u>	<u>1,073,920</u>	<u>\$13,289,069</u>	<u>\$1,214,808</u>

The general obligation bonds and Ohio Public Works Commission project loans are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. The Fire Apparatus Loan is secured by the title to the apparatus.

The following is a summary of the Township’s future annual debt service requirements:

Year	<u>Principal</u>	<u>Interest</u>
2011	\$ 672,975	\$ 541,833
2012	716,299	499,094
2013	739,798	468,660
2014	768,390	437,342
2015	797,119	404,698
2016 – 2020	3,816,612	1,581,037
2021 – 2025	4,177,846	829,429
2026 – 2027	<u>1,600,030</u>	<u>102,167</u>
Totals	<u>\$13,289,069</u>	<u>\$4,864,260</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effect of the debt limitations at December 31, 2010 yielded a margin of 2.6%.

**Note 10 – Leases**

The Township leases park lands under specific lease agreements. The only lease cost associated with these leases is \$1.00 per year payable to the Hamilton County Park District for use of McKelvey Fields. All other lease agreements provide for cancellation and involve no payments.

**Note 11 – Joint Economic Development District**

Springfield Township participates in a Joint Economic Development District (JEDD) with the City of Mt. Healthy.

The JEDD is located entirely within Springfield Township, Hamilton County. The purpose of the JEDD 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 JEDD creates a Board of Directors which consists of a Municipal Member, a Township member, a member who represents the owners of the businesses within the JEDD, a member who represents the persons working within the JEDD, and one member who is selected by the above members who serves as chairperson.

The proceeds of the JEDD are used to pay a portion of the costs associated with the construction and improvement of roads, the provision of public services such as police and fire protection, and to provide for improvements in connector roads that benefit the JEDD.

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

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

The City of Mt. Healthy administers and collects income tax for the JEDD and reports monthly and quarterly to the contracting parties. The Township's collections for 2010 were approximately \$23,000.

**Note 12 – Contingent Liabilities**

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Springfield Township, Ohio:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Springfield Township, Ohio (Township) as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 24, 2012 wherein we noted the Township prepares its financial statements using the cash basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Township is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described below to be a material weakness.

**Finding 2010-1 – Audit Adjustments**

**Criteria:** Statement on Auditing Standards (SAS) No. 115 requires auditors to report a material weakness when material audit adjustments are required to correct financial statements.

one east fourth street, ste. 1200  
cincinnati, oh 45202

www.cshco.com  
p. 513.241.3111  
f. 513.241.1212

**Condition:** For the 2010 audit, the auditors proposed a material adjusting journal entry to correct the financial statements.

**Cause:** The Township utilized certain revenue accounts on its general ledger to account for reimbursements of disbursements from various funds to the General Fund which in effect overstated both receipts and disbursements in the amount of \$496,000. The original disbursements were recorded in the General Fund but subsequently a receipt was recorded in the General Fund as an intergovernmental receipt when each fund reimbursed the General Fund. Management indicated their general ledger software did not offer an alternative method to record these transactions.

**Effect:** The Township's financial statements may be materially misstated due to this double counting of the same transactions.

**Recommendation:** The Township should implement additional internal controls over the financial reporting process to ensure that financial statements are prepared accurately and correctly.

**Management response:** *Management concurs with the finding*

#### Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Township in a separate letter dated April 24, 2012

This report is intended solely for the information and use of management, others within the entity, and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
April 24, 2012



# Dave Yost • Auditor of State

**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  
JUNE 26, 2012**