



Mary Taylor, CPA
Auditor of State

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

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**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township
Hamilton County
9150 Winton Road
Cincinnati, Ohio 45231

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Hamilton County, Ohio (the Township), as of and for the year ended December 31, 2006, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. 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, Hamilton County, Ohio, as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Police District and Fire District funds 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 July 28, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 28, 2008

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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, 2006, within the limitations of Springfield Township's modified 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 2006 are as follows:

Net assets of governmental activities increased \$874,685 or about 6.5 percent. Proceeds of the sale of a parcel of Township owned vacated real estate and increased tax revenues do to the triennial reappraisal in 2005 account for the increase in fund balance despite rising costs of employment, fuel, utilities and general inflationary cost increases.

The 2002 Bond Issue funds for the Winton Road Streetscape continue to be utilized and comprise the balance of those bond dollars that have been encumbered but are not yet required to be expended. The multi-jurisdictional streetscape project will require encumbrance of additional capital improvement funds as the upgrades continue on the main Springfield Township corridor over the next several years.

The Township refunded a portion of the 2002 Bond funds in March to take advantage of a lower interest rate market which allowed considerable cost savings on future interest rates.

The Township assumed administrative capacity for the Drug Abuse Resistance Task Force (DART), a multi-jurisdictional entity that had been managed and administered by the City of Blue Ash, that provides area assistance toward the reduction and elimination of drug traffic and trade. This added three part-time employees to the Township work force and several additional funds which incorporate the DART fines, forfeitures, grants and other into the Township Budget and administration.

Implementation of a second district in the Tax Increment Financing (TIF) program has first yielded income in 2006, with the original TIF yielding increased assets in its second year, for capital project use on the corridor. As commercial properties within the TIF district increase in value, the Township will derive the added benefit of capital dollars to continue with improvements directly benefiting those businesses and the Township residents.

Springfield Township's general receipts are primarily derived from property taxes. These receipts represent 61.7 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 modified 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.

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under Springfield Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

Reporting Springfield Township as a Whole

The statement of net assets and the statement of activities reflect how Springfield Township did financially during 2006, within the limitations of modified 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 modified 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.

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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 four major funds – the general fund, the police district fund, the fire district fund, and the bond retirement 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. We describe this relationship in reconciliations presented with governmental fund financial statements.

Springfield Township as a Whole

Table 1 provides a summary of Springfield Township's net assets for 2006 compared to 2005 on a modified cash basis:

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

(Table 1)
Net Assets

	Governmental Activities	
	2006	2005
Assets		
Equity in Pooled Cash & Cash Equivalents	\$13,494,115	\$ 12,619,430
Total Assets	\$13,494,115	\$ 12,619,430
Net Assets		
Restricted for:		
Debt Service		
Capital Outlay	\$ 1,090,740	\$ 1,070,983
Police District	\$ 4,595,717	\$ 4,573,059
Fire District	\$ 3,519,633	\$ 3,600,942
Other Purposes	\$ 1,619,570	\$ 1,415,073
Unrestricted	\$ 2,668,455	\$ 1,959,373
Total Net Assets	\$13,494,115	\$ 12,619,430

As mentioned previously, net assets of governmental activities increased \$874,685 or about 6.5 percent during 2006, mainly due to the sale of a parcel of real estate. Grant revenues increased in the non-restricted revenue, off-setting operating grant revenue in program receipts. Additionally, although expenditures increased, the fund balance remained relatively the same due to an increase in interest rates and tax revenues gleaned from the 2005 reappraisal which were collected in 2006.

Table 2 presents a comparative analysis of net assets in 2006 and 2005.

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities 2006	Governmental Activities 2005
	<u>2006</u>	<u>2005</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 151,376	\$ 293,478
Operating Grants and Contributions	\$ 94,191	\$ 469,543
Capital Grants and Contributions	\$ 22,162	\$ 1,567,851
Total Program Receipts	<u>\$ 267,729</u>	<u>\$ 2,330,872</u>
General Receipts:		
Property and Other Local Taxes	\$ 10,611,451	\$ 10,091,373
Other Taxes	\$ 762,472	\$ 428,883
Grants and Entitlements Not Restricted to Specific Programs	\$ 4,129,294	\$ 3,712,651
Sale of Bonds	\$ 9,825,000	\$ -
Discounts, Premiums & Accrued Interest on Debt	\$ 168,149	\$ -
Interest	\$ 696,332	\$ 310,401
Miscellaneous	\$ 64,344	\$ 127,171
Total General Receipts	<u>\$ 26,257,042</u>	<u>\$ 14,670,479</u>
Special Items	<u>\$ 674,854</u>	<u>\$ -</u>
Total Receipts	<u>\$ 27,199,625</u>	<u>\$ 17,001,351</u>
Disbursements:		
General Government	\$ 1,491,348	\$ 1,689,458
Public Safety	\$ 10,193,671	\$ 8,824,860
Public Works	\$ 2,200,312	\$ 2,187,068
Health	\$ 35,408	\$ 34,604
Conservation-Recreation	\$ 451,660	\$ 452,024
Other	\$ 201,536	\$ 74,586
Capital Outlay	\$ 574,750	\$ 4,171,416
Principal Retirement	\$ 9,942,082	\$ 545,025
Interest	\$ 1,234,173	\$ 663,040
Total Disbursements	<u>\$ 26,324,940</u>	<u>\$ 18,642,081</u>
Excess (Deficiency) Before Transfers	\$ 874,685	\$ (1,640,730)
Transfers		
Increase (Decrease) in Net Assets	<u>\$ 874,685</u>	<u>\$ (1,640,730)</u>
Net Assets, January 1	<u>\$ 12,619,430</u>	<u>\$ 14,260,160</u>
Net Assets, December 31	<u>\$ 13,494,115</u>	<u>\$ 12,619,430</u>

Program receipts represent only 1.6 percent of total receipts in 2006 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 significantly less than in 2005 due to lag of revenue from resource officer payments and a large decrease in grant funding.

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

General receipts represent 99 percent of the Government's total receipts, inclusive of the sale of a parcel of real estate. Considering revenue from sale of bonds, the property tax percentage of general receipts is 40 percent.

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.

Governmental Activities

If you look at the Statement of Activities you will see 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 39% and 8% of all governmental disbursements, respectively. General government also represents a significant cost of 6%. Principal retirement in coordination with the refinancing of the 2002 bond issuance comprised 38% of major program 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 2006	Net Cost of Services 2006
	<u>2006</u>	<u>2006</u>
General Government	\$1,491,348	\$1,394,923
Public Safety	10,193,671	10,045,443
Public Works	2,200,312	2,177,236
Health	35,408	35,408
Conservation-Recreation	451,660	451,660
Other	201,536	201,536
Capital Outlay	574,750	574,750
Principal Retirement	9,942,082	9,942,082
Interest and Fiscal Charges	1,234,173	1,234,173
Total Expenses	<u><u>\$26,324,940</u></u>	<u><u>\$26,057,211</u></u>

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Springfield Township's Funds

Total governmental funds had receipts of \$16,531,622 and disbursements of \$26,324,940. Aside from capital outlay, which is budgeted to decrease, the greatest change within governmental funds occurred within the Fire District Fund, which had budgeted expenditures for capital vehicle purchases in 2006. The total net assets increased \$874,685 as the result of the real property sale and incoming DART fund related funds, offset by costs for debt principal and interest and continued subsidizing of the service department related funds by the General Fund.

The budget objective of the Township is to incur the expenditure responsibility of each department in within the funds for each department in order to preserve General Fund revenues for future needs. Budgeting for 2007 continues toward this objective.

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 2006, 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, interest rate increases and the sale of a parcel of vacated township land. The difference between final budgeted receipts and actual receipts is a function of the increased tax settlement receipts and the land sale late in the year.

Final disbursements in the General Fund were budgeted (appropriated) at \$3,965,085 while actual disbursements were \$3,002,843. Some 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 of \$753,641 for 2006.

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, 2006, Springfield Township's outstanding debt included \$13,710,000 in general obligation bonds issued in 2002 and 2004 with a refunding/reissue of the 2002 callable bonds in 2006 for capital improvements, \$616,063 in Ohio Public Works Commission interest-free loans for road improvement projects and \$228,415 in a capital loan for a 2004 Seagrave Fire Apparatus.

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Debt Source	Year Issued	Interest Rate	Retired 06	Outstanding Debt 12/31/06
OPWC Cap Project Loan	2001	0.00%	\$27,350	\$396,575
2002 Bond Issue	2002	3.00%	\$9,570,000	\$1,770,000
OPWC Cap Project Loan	2003	0.00%	\$12,911	\$219,488
2004 Bond Issue	2004	4.62%	\$125,000	\$2,250,000
Seagrave Fire Apparatus Loan	2004	2.95%	\$71,821	\$228,415
2006 Bond Refunding	2006	3.50%	\$135,000	\$9,690,000
Total			\$9,942,082	\$14,554,478

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases 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 Financial Coordinator, 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, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$13,494,115
<i>Total Assets</i>	<u><u>\$13,494,115</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$1,090,740
Police District	4,595,717
Fire District	3,519,633
Other Purposes	1,619,570
Unrestricted	2,668,455
<i>Total Net Assets</i>	<u><u>\$13,494,115</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, 2006*

	Program Cash Receipts			Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$1,491,348	\$96,425	\$0	\$0	(\$1,394,923)
Public Safety	10,193,671	54,037	94,191	0	(10,045,443)
Public Works	2,200,312	914	0	22,162	(2,177,236)
Health	35,408	0	0	0	(35,408)
Conservation-Recreation	451,660	0	0	0	(451,660)
Other	201,536	0	0	0	(201,536)
Capital Outlay	574,750	0	0	0	(574,750)
Debt Service:					
Principal	9,942,082	0	0	0	(9,942,082)
Interest	1,234,173	0	0	0	(1,234,173)
<i>Total Governmental Activities</i>	<u>\$26,324,940</u>	<u>\$151,376</u>	<u>\$94,191</u>	<u>\$22,162</u>	<u>(\$26,057,211)</u>
General Receipts					
Property Taxes					10,611,451
Other Taxes					762,472
Grants and Entitlements not Restricted to Specific Programs					4,129,294
Sale of Bonds					9,825,000
Discounts, Premiums and Accrued Interest on Debt					168,149
Earnings on Investments					696,332
Miscellaneous					64,344
<i>Total General Receipts</i>					26,257,042
Special Items					674,854
Total General Receipts, Special & Extraordinary Items, Transfers and Advances					<u>26,931,896</u>
Change in Net Assets					874,685
<i>Net Assets Beginning of Year</i>					<u>12,619,430</u>
<i>Net Assets End of Year</i>					<u>\$13,494,115</u>

See accompanying notes to the basic financial statements

SPRINGFIELD TOWNSHIP, HAMILTON COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2006

	<u>GENERAL</u>	<u>POLICE DISTRICT</u>	<u>FIRE DISTRICT</u>	<u>BOND RETIREMENT</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,713,014	\$4,595,717	\$3,519,633	\$0
<i>Total Assets</i>	<u>\$2,713,014</u>	<u>\$4,595,717</u>	<u>\$3,519,633</u>	<u>\$0</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$65,581	\$50,140	\$46,952	\$0
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	2,647,433	0	0	0
Special Revenue Funds	0	4,545,577	3,472,681	0
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>\$2,713,014</u>	<u>\$4,595,717</u>	<u>\$3,519,633</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

SPRINGFIELD TOWNSHIP, HAMILTON COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2006

(Continued)

	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	<hr/>	<hr/>
Assets		
Equity in Pooled Cash and Cash Equivalents	2,665,751	13,494,115
<i>Total Assets</i>	<hr/> <u>\$2,665,751</u>	<hr/> <u>\$13,494,115</u>
Fund Balances		
Reserved:		
Reserved for Encumbrances	\$176,933	\$339,606
Unreserved:		
Undesignated (Deficit), Reported in:		
General Fund	0	2,647,433
Special Revenue Funds	2,488,818	10,507,076
Capital Projects Funds	1,049,059	1,049,059
<i>Total Fund Balances</i>	<hr/> <u>\$3,714,810</u>	<hr/> <u>\$14,543,174</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, 2006

	GENERAL	POLICE DISTRICT	FIRE DISTRICT	BOND RETIREMENT	OTHER GOVERNMENTAL FUNDS
Receipts					
Property and Other Local Taxes	\$211,350	\$5,092,518	\$4,029,688	\$0	\$1,439,516
Charges for Services	0	0	795	0	28,115
Licenses, Permits and Fees	41,156	25,127	0	0	460
Fines and Forfeitures	49,690	0	0	0	154,917
Intergovernmental	1,991,920	848,210	642,426	0	1,099,751
Special Assessments	57,308	0	0	0	597
Earnings on Investments	642,930	0	0	0	53,402
Miscellaneous	87,276	18,178	4,006	0	12,286
Total Receipts	3,081,630	5,984,033	4,676,915	0	2,789,044
Disbursements					
Current:					
General Government	1,491,348	0	0	0	0
Public Safety	0	5,779,669	4,091,827	0	322,175
Public Works	462,459	0	0	0	1,737,853
Health	35,408	0	0	0	0
Conservation-Recreation	451,660	0	0	0	0
Other	0	0	0	0	201,536
Capital Outlay	100,672	0	293,717	0	180,361
Debt Service:					
Principal Retirement	288,731	99,918	204,932	9,250,000	98,501
Interest and Fiscal Charges	172,565	81,788	167,748	743,149	68,923
Total Disbursements	3,002,843	5,961,375	4,758,224	9,993,149	2,609,349
Excess of Receipts Over (Under) Disbursements	78,787	22,658	(81,309)	(9,993,149)	79,695
Other Financing Sources (Uses)					
Sale of Bonds	0	0	0	9,825,000	0
Premium and Accrued Interest on Debt	0	0	0	195,589	0
Discount on Debt	0	0	0	-27,440	0
Advances In	0	0	0	0	30,000
Advances Out	0	0	0	0	-30,000
Total Other Financing Sources (Uses)	0	0	0	9,993,149	0
Special Items	674,854	0	0	0	0
Net Change in Fund Balances	753,641	22,658	(81,309)	0	179,695
Fund Balances Beginning of Year	1,959,373	4,573,059	3,600,942	0	2,486,056
Fund Balances End of Year	\$2,713,014	\$4,595,717	\$3,519,633	\$0	\$2,665,751

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, 2006
(Continued)

	TOTAL
Receipts	
Property and Other Local Taxes	\$10,773,072
Charges for Services	28,910
Licenses, Permits and Fees	66,743
Fines and Forfeitures	204,607
Intergovernmental	4,582,307
Special Assessments	57,905
Earnings on Investments	696,332
Miscellaneous	121,746
Total Receipts	16,531,622
Disbursements	
Current:	
General Government	1,491,348
Public Safety	10,193,671
Public Works	2,200,312
Health	35,408
Conservation-Recreation	451,660
Other	201,536
Capital Outlay	574,750
Debt Service:	
Principal Retirement	9,942,082
Interest and Fiscal Charges	1,234,173
Total Disbursements	26,324,940
Excess of Receipts Over (Under) Disbursements	-9,793,318
Other Financing Sources (Uses)	
Sale of Bonds	9,825,000
Premium and Accrued Interest on Debt	195,589
Discount on Debt	-27,440
Advances In	30,000
Advances Out	-30,000
Total Other Financing Sources (Uses)	9,993,149
Special Items	674,854
Net Change in Fund Balances	874,685
Fund Balances Beginning of Year	12,619,430
Fund Balances End of Year	\$13,494,115

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, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$100,486	\$190,086	\$211,350	\$21,264
Licenses, Permits and Fees	30,000	33,000	41,156	8,156
Fines and Forfeitures	40,000	49,690	49,690	0
Intergovernmental	463,761	1,543,388	1,991,920	448,532
Special Assessments	20,000	20,000	57,308	37,308
Earnings on Investments	162,002	303,231	642,930	339,699
Miscellaneous	25,950	53,501	87,276	33,775
<i>Total receipts</i>	<u>842,199</u>	<u>2,192,896</u>	<u>3,081,630</u>	<u>888,734</u>
Disbursements				
Current:				
General Government	1,881,659	1,945,323	1,491,348	453,975
Public Works	496,706	499,506	462,459	37,047
Health	40,000	40,409	35,408	5,001
Conservation-Recreation	510,455	615,963	451,660	164,303
Other	27,893	119,128	0	119,128
Capital Outlay	181,988	211,988	100,672	111,316
Debt Service:				
Principal Retirement	278,821	288,731	288,731	0
Interest and Fiscal Charges	253,947	244,037	172,565	71,472
<i>Total Disbursements</i>	<u>3,671,469</u>	<u>3,965,085</u>	<u>3,002,843</u>	<u>962,242</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,829,270)</u>	<u>(1,772,189)</u>	<u>78,787</u>	<u>1,850,976</u>
Special Items	810,000	674,854	674,854	0
<i>Net Change in Fund Balance</i>	<u>(2,019,270)</u>	<u>(1,097,335)</u>	<u>753,641</u>	<u>1,850,976</u>
<i>Fund Balance Beginning of Year</i>	<u>1,959,373</u>	<u>1,959,373</u>	<u>1,959,373</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$59,897)</u>	<u>\$862,038</u>	<u>\$2,713,014</u>	<u>\$1,850,976</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 Fund**For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$3,759,258	\$4,968,870	\$5,092,518	\$123,648
Licenses, Permits and Fees	2,000	20,000	25,127	5,127
Intergovernmental	754,124	743,020	848,210	105,190
Miscellaneous	10,000	18,178	18,178	0
<i>Total receipts</i>	<u>4,525,382</u>	<u>5,750,068</u>	<u>5,984,033</u>	<u>233,965</u>
Disbursements				
Current:				
Public Safety	6,530,601	6,407,363	5,779,669	627,694
Debt Service:				
Principal Retirement	68,000	99,918	99,918	0
Interest and Fiscal Charges	11,225	81,788	81,788	0
<i>Total Disbursements</i>	<u>6,609,826</u>	<u>6,589,069</u>	<u>5,961,375</u>	<u>627,694</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,084,444)	(839,001)	22,658	861,659
Fund Balance Beginning of Year	<u>4,573,059</u>	<u>4,573,059</u>	<u>4,573,059</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,488,615.00</u>	<u>\$3,734,058.00</u>	<u>\$4,595,717.00</u>	<u>\$861,659.00</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, 2006

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$3,080,749	\$3,856,671	\$4,029,688	\$173,017
Charges for Services	100	500	795	295
Intergovernmental	571,221	632,435	642,426	9,991
Miscellaneous	1,250	3,000	4,006	1,006
<i>Total receipts</i>	<u>3,653,320</u>	<u>4,492,606</u>	<u>4,676,915</u>	<u>184,309</u>
Disbursements				
Current:				
Public Safety	4,174,601	4,317,842	4,091,827	226,015
Capital Outlay	383,228	368,228	293,717	74,511
Debt Service:				
Principal Retirement	112,533	204,932	204,932	0
Interest and Fiscal Charges	185,769	167,748	167,748	0
<i>Total Disbursements</i>	<u>4,856,131</u>	<u>5,058,750</u>	<u>4,758,224</u>	<u>300,526</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,202,811)	(566,144)	(81,309)	484,835
<i>Fund Balance Beginning of Year</i>	<u>3,600,942</u>	<u>3,600,942</u>	<u>3,600,942</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,398,131</u>	<u>\$3,034,798</u>	<u>\$3,519,633</u>	<u>\$484,835</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, 2006

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 modified cash basis of accounting. This modified 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 modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, 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 modified 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 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 10.11 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 modified cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in note 2E.

As a result of the use of this modified 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.

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 2006, 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 2006 were \$642,930.

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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township's modified 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 a 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 – Accountability and Compliance

A. Accountability

There were no accountability issues noted in 2006.

B. Compliance

To the best of management's knowledge the Township was in compliance with all required regulations and statutes.

Note 4 – 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 – Budgetary 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 modified cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) and outstanding year end advances are treated as other financing sources or uses (budgetary basis) rather than as inter-fund receivables or payables (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$65,581 for the general fund, \$50,140 for the police district fund, \$46,952 for the fire district fund, and \$176,933 for all other funds. There were no outstanding advances at year end.

Note 5 – 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;

Springfield Township, Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 5 - Deposits and Investments (continued)

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;
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

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$13,689,997 of the Township's bank balance of \$13,789,997 was exposed to custodial credit 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.

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.

At year end, the bank balance was \$13,789,997. The carrying value was \$13,494,115, of which \$100,000 was covered by federal depository insurance and the balance was collateralized. All State statutory requirements for the deposit of money have been followed.

Springfield Township, Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 6 – 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 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, 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 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, 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.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first 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, 2006, was \$107.79 per \$1,000 of assessed value, of which \$20.30 was specific to Township operations. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$599,628,240
Commercial/Industrial	\$67,074,840
Public Utility Property	\$19,563,120
Tangible Personal Property	\$14,481,530
Total Assessed Value	<u>\$700,747,730</u>

Note 7 – Inter-Fund Receivables/Payables

There were no inter-fund balances at December 31, 2006.

Note 8 – 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 2006 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

Springfield Township, Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 8 – Risk Management (continued)

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	\$22,182,324	Total Coverage
Boiler and Machinery	\$22,182,324	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 9 – 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, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The Township's contribution rate for pension benefits for regular employees in 2006 was 13.7 percent, and for law enforcement employees, 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

Springfield Township, Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 9 – Defined Benefit Pension Plan (continued)

The Township's required contributions for pension obligations to the traditional and combined plans have been made for 2006: \$797,793, for 2005: \$721,969, and for 2004: \$617,367. The withholdings for the employee plan members have also been paid.

B. Ohio Police and Fire Pension Fund

The Township provides withholding and Township share contributions for full-time 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 24.0 percent for firefighter/EMTs. Contributions are authorized by State statute. The Township's contributions to the Fund for full-time firefighter/EMTs were paid in full for 2006: \$431,234, for 2005: \$352,914, and for 2004: \$317,722.

Note 10 – Post-Employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for law enforcement). Benefits are advance-funded using the entry age normal actuarial cost method. The OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides post retirement health care coverage to 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. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution

Springfield Township, Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 10 – Post-Employment Benefits (continued)

rate. Health care funding and accounting is on a pay-as-you-go basis.

The total firefighter contribution rate is 24 percent of covered payroll.

Note 11 – Debt

The Township’s long-term debt activity for the year ended December 31, 2006, was as follows:

Description of Debt	Interest Rate	Balance December 31, 2005	Amount Issued 2006	Principal Retired	Balance December 31, 2006	P & I Due In 2007
2001 OPWC Covered Bridge Loan	0%	\$423,925		\$27,350	\$396,575	\$27,350
2003 OPWC Trapp Lane Loan	0%	232,399		12,911	219,488	12,911
2002 General Obligation Bonds	3.0%	11,340,000		9,570,000	1,770,000	395,915
2004 General Obligation Bonds	4.62%	2,375,000		125,000	2,250,000	228,950
2006 refunding of 2002 General Obligation Bonds (callable portion)	3.5%		9,825,000	135,000	9,690,000	432,827
Seagrave Fire Apparatus Loan	2.95%	300,237		71,822	228,415	80,678
Totals		\$14,671,561	\$9,825,000	\$9,942,083	\$14,554,478	\$1,178,631

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 Seagrave 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	Principal	Interest
2007	\$589,201	\$589,431
2008	601,370	570,050
2009	618,628	549,259
2010	550,261	527,160
2011	565,261	506,268
2012 – 2016	3,156,305	2,143,262
2017 – 2021	3,712,630	1,440,337
2022 – 2026	3,955,822	666,888
2027	805,000	34,615
Totals	\$14,554,478	\$7,027,270

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, 2006 yielded a margin of 3.1%.

Note 12 – 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 13 – Construction and Contractual Commitments

The Winton Road Streetscape Project continued through 2006, and is scheduled to continue over the next few years, based on the collaborating jurisdiction's (Hamilton County) schedule. The balance of the 2002 Bond Fund 4101 will be utilized (per appropriations) until it is depleted, at which point TIF and other funds appropriate for capital expenditures will be implemented for continuation with the project.

Note 14 – Subsequent Events

The Township placed a replacement and increase Road District Levy for 2.5 mills on the November 2006 general election ballot which resulted in failure by a narrow margin. Due to the need for road improvement revenue, the Township placed the same levy on the ballot in May 2007 and in November 2007, failing each time. The general fund will be required to appropriate monies for road repairs until such time that a levy is passed.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township
Hamilton County
9150 Winton Road
Cincinnati, Ohio 45231

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Hamilton County, Ohio (the Township), as of and for the year ended December 31, 2005, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. 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, Hamilton County, Ohio, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General, Police District and Fire District funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 28, 2008

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

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, 2005, within the limitations of Springfield Township's modified 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 2005 are as follows:

Net assets of governmental activities decreased \$1,640,730 or about 12 percent, a significant change from the prior year. The major individual fund most affected by the decrease in cash and cash equivalents was the General Fund, however the projected decrease in the funds utilized for capital outlay accounted for the majority of the reduction of net assets.

The extensive capital improvement projects which added a new Fire Headquarters, renovations and addition to the Administration Complex, a new Fleet Maintenance Facility, Service and Parks Department garages and facilities, a salt storage dome and renovations and addition to the Police Department facility have been completed. The 2002 Bond Issue funds for the Winton Road Streetscape are being utilized and comprise the balance of those bond dollars that have been encumbered but are not yet required to be expended. The multi-jurisdictional streetscape project will require encumbrance of additional capital improvement funds as the upgrades continue on the main Springfield Township corridor over the next several years.

Implementation of a Tax Increment Financing (TIF) program has first yielded income in 2005 for capital project use on the corridor. As commercial properties within the TIF district increase in value, the Township will derive the added benefit of capital dollars to continue with improvements directly benefiting those businesses and the Township residents.

Springfield Township's general receipts are primarily derived from property taxes. These receipts represent 59 percent of the total cash received for governmental activities during the year. Property tax revenues are slightly higher than in 2004, with the 2005 triennial reappraisal expected to increase property tax revenues collected in 2006.

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 modified 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.

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under Springfield Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

Reporting Springfield Township as a Whole

The statement of net assets and the statement of activities reflect how Springfield Township did financially during 2005, within the limitations of modified 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 modified 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.

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

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. The funds of Springfield Township are all governmental.

Governmental Funds - 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. We describe this relationship in reconciliations presented with governmental fund financial statements.

Proprietary Funds – Springfield Township currently has no proprietary funds, no enterprise funds and no internal service funds.

Fiduciary Funds - Springfield Township currently has no fiduciary funds.

Springfield Township as a Whole

Table 1 provides a summary of Springfield Township's net assets for 2005 compared to 2004 on a modified cash basis:

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

(Table 1)
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Equity in Pooled Cash & Cash Equivalents	\$ 12,619,430	\$ 14,260,160
Total Assets	\$ 12,619,430	\$ 14,260,160
Net Assets		
Restricted for:		
Debt Service		
Capital Outlay	\$ 1,070,983	\$ 3,134,618
Police District	\$ 4,573,059	\$ 4,044,810
Fire District	\$ 3,600,942	\$ 3,006,358
Other Purposes	\$ 1,415,073	\$ 1,395,528
Unrestricted	\$ 1,959,373	\$ 2,678,846
Total Net Assets	\$ 12,619,430	\$ 14,260,160

As mentioned previously, net assets of governmental activities decreased \$1,640,730 or about 12 percent during 2005, mainly due to the capital outlay for bond related projects. Bond issuance proceeds were receipted from the sale of bonds in both 2002 and in 2004 for capital improvement projects. The decline in cash balance was expected.

Table 2 reflects the net assets in 2005. Since Springfield Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities 2005
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$ 293,478
Operating Grants and Contributions	\$ 469,543
Capital Grants and Contributions	\$ 1,567,851
Total Program Receipts	\$ 2,330,872
General Receipts:	
Property and Other Local Taxes	\$ 10,091,373
Other Taxes	\$ 428,883
Grants and Entitlements Not Restricted to Specific Programs	\$ 3,712,651
Interest	\$ 310,401
Miscellaneous	\$ 127,171
Total General Receipts	\$ 14,670,479
Total Receipts	\$ 17,001,351
Disbursements:	
General Government	\$ 1,689,458
Public Safety	\$ 8,824,860
Public Works	\$ 2,187,068
Health	\$ 34,604
Conservation-Recreation	\$ 452,024
Other	\$ 74,586
Capital Outlay	\$ 4,171,416
Principal Retirement	\$ 545,025
Interest	\$ 663,040
Total Disbursements	\$ 18,642,081
Excess (Deficiency) Before Transfers	\$ (1,640,730)
Transfers	
Increase (Decrease) in Net Assets	\$ (1,640,730)
Net Assets, January 1, 2005	\$ 14,260,160
Net Assets, December 31, 2005	\$ 12,619,430

Program receipts represent only 13.7 percent of total receipts 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.

General receipts represent 86.3 percent of the Government's total receipts, and of this amount, 71 percent are property and other taxes. Grants, interest and other miscellaneous receipts comprise the 19 percent balance of general receipts.

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

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.

Governmental Activities

The Statement of Activities lists in the first column 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 47.3% and 11.7% of all governmental disbursements, respectively. General government also represents a significant cost of 9%. 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 2005	Net Cost of Services 2005
General Government	\$1,689,458	\$1,277,098
Public Safety	8,824,860	8,514,316
Public Works	2,187,068	618,617
Health	34,604	34,604
Conservation-Recreation	452,024	412,507
Other	74,586	74,586
Capital Outlay	4,171,416	4,171,416
Principal Retirement	545,025	545,025
Interest and Fiscal Charges	663,040	663,040
Total Expenses	\$18,642,081	\$16,311,209

The dependence upon property tax receipts is apparent as 56 percent of governmental activities are supported through these general receipts.

Springfield Township's Funds

Total governmental funds had receipts of \$17,001,351 and disbursements of \$18,642,081. Aside from capital outlay, which is budgeted to decrease, the greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$719,473 as the result of costs for debt principal and interest and subsidizing service department salaries and benefits.

Springfield Township, Hamilton County, Ohio
 Management's Discussion and Analysis
 For the Year Ended December 31, 2005
 Unaudited

The budget objective of the Township is to incur the expenditure responsibility of each department in within the funds for each department in order to preserve General Fund revenues for future needs. Measures are put into place in the 2006 budget to aim toward this objective.

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 2005, 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 and the sale of a parcel of vacated township land. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements in the General Fund were budgeted (appropriated) at \$4,847,506 while actual disbursements were \$3,655,746. Some 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 decrease in the General Fund balance of \$719,473 for 2005.

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, 2005, Springfield Township's outstanding debt included \$13,715,000 in general obligation bonds issued in 2002 and 2004 for improvements to buildings and structures, \$656,324 in Ohio Public Works Commission interest-free loans for road improvement projects and \$300,237 in a capital loan for a 2004 Seagrave Fire Apparatus.

Debt Source	Year Issued	Interest Rate	Retired 05	Outstanding Debt 12/31/05
OPWC Cap Project Loan	2001	0.00%	\$27,350	\$423,925
2002 Bond Issue	2002	2.70%	\$310,000	\$11,340,000
OPWC Cap Project Loan	2003	0.00%	\$12,911	\$232,399
2004 Bond Issue	2004	4.62%	\$125,000	\$2,375,000
Seagrave Fire Apparatus Loan	2004	2.95%	\$69,764	\$300,237
Total			\$545,025	\$14,671,561

Springfield Township, Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases 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 Financial Coordinator, 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, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$12,619,430
<i>Total Assets</i>	<u><u>\$12,619,430</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$1,070,983
Police District	4,573,059
Fire District	3,600,942
Other Purposes	1,415,073
Unrestricted	1,959,373
<i>Total Net Assets</i>	<u><u>\$12,619,430</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, 2005*

	Program Cash Receipts				Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$1,689,458	\$92,360	\$320,000	\$0	(\$1,277,098)
Public Safety	8,824,860	200,518	110,026	0	(8,514,316)
Public Works	2,187,068	600	0	1,567,851	(618,617)
Health	34,604	0	0	0	(34,604)
Conservation-Recreation	452,024	0	39,517	0	(412,507)
Other	74,586	0	0	0	(74,586)
Capital Outlay	4,171,416	0	0	0	(4,171,416)
Debt Service:					
Principal	545,025	0	0	0	(545,025)
Interest	663,040	0	0	0	(663,040)
<i>Total Governmental Activities</i>	\$18,642,081	\$293,478	\$469,543	\$1,567,851	(\$16,311,209)
General Receipts					
Property Taxes					10,091,373
Other Taxes					428,883
Grants and Entitlements not Restricted to Specific Programs					3,712,651
Earnings on Investments					310,401
Miscellaneous					127,171
<i>Total General Receipts</i>					14,670,479
Change in Net Assets					(1,640,730)
<i>Net Assets Beginning of Year</i>					14,260,160
<i>Net Assets End of Year</i>					\$12,619,430

See accompanying notes to the basic financial statements

SPRINGFIELD TOWNSHIP, HAMILTON COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2005

	<u>GENERAL</u>	<u>POLICE DISTRICT</u>	<u>FIRE DISTRICT</u>	<u>OTHER GOVERNMENTAL FUNDS</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,959,373	\$4,573,059	\$3,600,942	\$2,486,056
<i>Total Assets</i>	<u>\$1,959,373</u>	<u>\$4,573,059</u>	<u>\$3,600,942</u>	<u>\$2,486,056</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$252,616	\$49,791	\$51,118	\$151,384
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	1,706,757	0	0	0
Special Revenue Funds	0	4,523,268	3,549,824	1,330,319
Capital Projects Funds	0	0	0	1,004,353
<i>Total Fund Balances</i>	<u>\$1,959,373</u>	<u>\$4,573,059</u>	<u>\$3,600,942</u>	<u>\$2,486,056</u>

See accompanying notes to the basic financial statements

SPRINGFIELD TOWNSHIP, HAMILTON COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2005

	TOTAL GOVERNMENTAL FUNDS
Assets	
Equity in Pooled Cash and Cash Equivalents	\$12,619,430
<i>Total Assets</i>	<u>\$12,619,430</u>
Fund Balances	
Reserved:	
Reserved for Encumbrances	\$504,909
Unreserved:	
Undesignated (Deficit), Reported in:	
General Fund	1,706,757
Special Revenue Funds	9,403,411
Capital Projects Funds	1,004,353
<i>Total Fund Balances</i>	<u>\$12,619,430</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, 2005

	GENERAL	POLICE DISTRICT	FIRE DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts					
Property and Other Local Taxes	\$257,151	\$4,972,087	\$3,934,391	\$1,047,092	\$10,210,721
Charges for Services	0	0	140	43,325	43,465
Licenses, Permits and Fees	36,902	148,621	0	600	186,123
Fines and Forfeitures	55,999	0	0	11,318	67,317
Intergovernmental	2,163,807	783,638	594,578	2,425,020	5,967,043
Special Assessments	30,141	0	0	596	30,737
Earnings on Investments	303,537	0	0	6,864	310,401
Miscellaneous	88,736	46,044	4,773	45,991	185,544
Total Receipts	2,936,273	5,950,390	4,533,882	3,580,806	17,001,351
Disbursements					
Current:					
General Government	1,689,458	0	0	0	1,689,458
Public Safety	0	5,242,233	3,504,372	78,255	8,824,860
Public Works	836,421	0	0	1,350,647	2,187,068
Health	34,604	0	0	0	34,604
Conservation-Recreation	452,024	0	0	0	452,024
Other	0	0	0	74,586	74,586
Capital Outlay	105,113	0	137,196	3,929,107	4,171,416
Debt Service:					
Principal Retirement	274,201	65,875	109,017	95,932	545,025
Interest and Fiscal Charges	263,925	114,033	188,713	96,369	663,040
Total Disbursements	3,655,746	5,422,141	3,939,298	5,624,896	18,642,081
Excess of Receipts Over (Under) Disbursements	(719,473)	528,249	594,584	(2,044,090)	(1,640,730)
Net Change in Fund Balances	(719,473)	528,249	594,584	(2,044,090)	(1,640,730)
Fund Balances Beginning of Year	2,678,846	4,044,810	3,006,358	4,530,146	14,260,160
Fund Balances End of Year	\$1,959,373	\$4,573,059	\$3,600,942	\$2,486,056	\$12,619,430

See accompanying notes to the basic financial statements

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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, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$178,285	\$178,285	\$257,151	\$78,866
Licenses, Permits and Fees	7,000	25,000	36,902	11,902
Fines and Forfeitures	55,110	55,110	55,999	889
Intergovernmental	1,566,188	1,566,188	2,163,807	597,619
Special Assessments	20,000	20,000	30,141	10,141
Earnings on Investments	250,000	250,000	303,537	53,537
Miscellaneous	436,840	821,133	88,736	(732,397)
<i>Total receipts</i>	<u>2,513,423</u>	<u>2,915,716</u>	<u>2,936,273</u>	<u>20,557</u>
Disbursements				
Current:				
General Government	2,008,243	2,118,564	1,689,458	429,106
Public Works	969,451	1,075,174	836,421	238,753
Health	39,604	39,604	34,604	5,000
Conservation-Recreation	507,421	521,138	452,024	69,114
Other	350,000	335,000	0	335,000
Capital Outlay	207,900	219,900	105,113	114,787
Debt Service:				
Principal Retirement	274,201	274,201	274,201	0
Interest and Fiscal Charges	263,925	263,925	263,925	0
<i>Total Disbursements</i>	<u>4,620,745</u>	<u>4,847,506</u>	<u>3,655,746</u>	<u>1,191,760</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,107,322)	(1,931,790)	(719,473)	1,212,317
<i>Fund Balance Beginning of Year</i>	<u>2,678,846</u>	<u>2,678,846</u>	<u>2,678,846</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$571,524</u>	<u>\$747,056</u>	<u>\$1,959,373</u>	<u>\$1,212,317</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, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$3,217,895	\$4,874,062	\$4,972,087	\$98,025
Licenses, Permits and Fees	1,800	1,800	148,621	146,821
Intergovernmental	765,000	765,000	783,638	18,638
Miscellaneous	0	60,000	46,044	(13,956)
<i>Total receipts</i>	<u>3,984,695</u>	<u>5,700,862</u>	<u>5,950,390</u>	<u>249,528</u>
Disbursements				
Current:				
Public Safety	5,730,072	5,792,300	5,242,233	550,067
Debt Service:				
Principal Retirement	65,875	65,875	65,875	0
Interest and Fiscal Charges	114,033	114,033	114,033	0
<i>Total Disbursements</i>	<u>5,909,980</u>	<u>5,972,208</u>	<u>5,422,141</u>	<u>550,067</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,925,285)	(271,346)	528,249	799,595
<i>Fund Balance Beginning of Year</i>	<u>3,984,695</u>	<u>3,984,695</u>	<u>4,044,810</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,059,410</u>	<u>\$3,713,349</u>	<u>\$4,573,059</u>	<u>\$799,595</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, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$2,493,986	\$3,856,824	\$3,934,391	\$77,567
Charges for Services	250	250	140	(110)
Intergovernmental	560,000	560,000	594,578	34,578
Miscellaneous	2,500	2,500	4,773	2,273
<i>Total receipts</i>	<u>3,056,736</u>	<u>4,419,574</u>	<u>4,533,882</u>	<u>114,308</u>
Disbursements				
Current:				
Public Safety	3,567,221	3,704,016	3,504,372	199,644
Capital Outlay	344,355	260,677	137,196	123,481
Debt Service:				
Principal Retirement	109,017	109,017	109,017	0
Interest and Fiscal Charges	188,713	188,713	188,713	0
<i>Total Disbursements</i>	<u>4,209,306</u>	<u>4,262,423</u>	<u>3,939,298</u>	<u>323,125</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,152,570)	157,151	594,584	437,433
<i>Fund Balance Beginning of Year</i>	<u>3,006,358</u>	<u>3,006,358</u>	<u>3,006,358</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,853,788</u>	<u>\$3,163,509</u>	<u>\$3,600,942</u>	<u>\$437,433</u>

See accompanying notes to the basic financial statements

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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 modified cash basis of accounting. This modified 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 modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, 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 modified 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 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 10.11 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 modified cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in note 2 E.

As a result of the use of this modified 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, 2005

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 2005, 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 2005 were \$303,537.

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 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township's modified 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 a 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 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. This year the Township has implemented the modified cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Accountability and Compliance

A. Accountability

There were no accountability issues noted in 2005.

B. Compliance

To the best of management’s knowledge the Township was in compliance with all required regulations and statutes.

Note 5 – 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 – Budgetary 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 modified cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) and outstanding year end advances are treated as other financing sources or uses (budgetary basis) rather than as inter-fund receivables or payables (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$252,616 for the general fund, \$49,791 for the police district fund, \$51,117 for the fire district fund, and \$151,384 for all other funds. There were no outstanding advances at year end.

Note 6 – 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.

Springfield Township, Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 6 - Deposits and Investments (continued)

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;
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

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$12,992,677 of the Township's bank balance of \$13,092,677 was exposed to custodial credit 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.

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.

Springfield Township, Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 6 - Deposits and Investments (continued)

At year end, the Township had no undeposited cash on hand.

At year end, the bank balance was \$13,092,677. The carrying value was \$12,619,430, of which \$100,000 was covered by federal depository insurance and the balance was collateralized. All State statutory requirements for the deposit of money have been followed.

Note 7 – 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 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, 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 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, 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.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first 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, 2005, was \$107.74 per \$1,000 of assessed value, of which \$20.30 was specific to Township operations. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$515,286,850
Commercial/Industrial	\$59,945,480
Public Utility Property	\$19,967,500
Tangible Personal Property	\$11,808,140
Total Assessed Value	<u><u>\$607,007,970</u></u>

Note 8 – Inter-Fund Receivables/Payables

There were no inter-fund balances at December 31, 2005.

Note 9 – 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 2005 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:

Legal 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	\$20,970,631	Total Coverage
Boiler and Machinery	\$20,970,631	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 10 – 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

Springfield Township, Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 10 – Defined Benefit Pension Plan (continued)

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, 2005, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The Township's contribution rate for pension benefits for regular employees in 2005 was 13.55 percent, and for law enforcement employees, 16.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans have been made for 2005: \$721,969, for 2004: \$617,367, and for 2003: \$334,759. The withholdings for the employee plan members have also been paid.

B. Ohio Police and Fire Pension Fund

The Township provides withholding and Township share contributions for full-time 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 24 percent for full-time firefighter/EMTs. Contributions are authorized by State statute. The Township's contributions to the Fund for full-time firefighter/EMTs were paid in full for 2005: \$352,914, for 2004: \$317,722, and for 2003: \$265,722.

Note 11 – Post-Employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for law enforcement). Benefits are advance-funded using the entry age normal actuarial cost method. The OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Springfield Township, Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 11 – Post-Employment Benefits (continued)

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides post retirement health care coverage to 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. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund’s board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer’s contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total firefighter contribution rate is 24 percent of covered payroll.

Note 12 – Debt

The Township’s long-term debt activity for the year ended December 31, 2005, was as follows:

Description of Debt	Interest Rate	Balance December 31, 2005	Principal Retired	Balance December 31, 2006	P & I Due In 2007
2001 OPWC Covered Bridge Loan	0%	\$451,275	\$27,350	\$423,925	\$27,350
2003 OPWC Trapp Lane Loan	0%	245,310	12,911	232,399	12,911
2002 General Obligation Bonds	3.0%	11,650,000	310,000	11,340,000	848,254
2004 General Obligation Bonds	4.62%	2,500,000	125,000	2,375,000	234,725
Seagrave Fire Apparatus Loan	2.95%	370,000	69,763	300,237	80,678
Totals		\$15,216,585	\$545,024	\$14,671,561	\$1,203,918

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 Seagrave Apparatus Loan is secured by the title to the apparatus.

Springfield Township, Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 12 – Debt (continued)

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

Year	<u>Principal</u>	<u>Interest</u>
2006	\$557,082	\$646,836
2007	569,201	629,342
2008	581,370	610,723
2009	598,628	590,633
2010	550,261	569,171
2011 – 2015	2,911,306	2,521,389
2016 – 2020	3,436,305	1,869,584
2021 – 2025	3,887,408	1,016,737
2026 – 2027	1,600,000	127,050
Totals	<u>\$14,671,561</u>	<u>\$8,581,465</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, 2005, yielded a margin of 3.83%.

Note 13 – 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 lease agreements contain cancellation clauses.

Note 14 – Construction and Contractual Commitments

The Capital Improvement Facility Projects including the Fire/Administration Complex additions and renovations, the Service and Fleet Facility Construction and the Winton Road Streetscape Project continued through 2005. Completion was attained on all but the streetscape, which is scheduled to continue over the next few years, based on the collaborating jurisdiction’s (Hamilton County) schedule. The multi-jurisdictional Valleydale road improvement/construction project has reached completion.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 28, 2008, wherein we noted the Township uses a comprehensive basis of accounting other than generally accepted accounting principles. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242

Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577

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We noted certain matters that we reported to the Township's management in a separate letter dated July 28, 2008.

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, providing an opinion 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*.

We did note a certain noncompliance or other matter that we reported to the Township's management in a separate letter dated July 28, 2008.

We intend this report solely for the information and use of the audit committee, management, and board of trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 28, 2008



Mary Taylor, CPA
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
AUGUST 12, 2008**