



Dave Yost • Auditor of State



**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Springfield Township, Clark County, (the Township) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Springfield Township, Clark County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2015 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 6, 2015

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$53,038	\$1,307,251	\$306,030	\$1,666,319
Charges for Services	9,528	346,457		355,985
Licenses, Permits and Fees	101,823	27,904		129,727
Intergovernmental	288,592	350,788	19	639,399
Special Assessments		4,511		4,511
Earnings on Investments	9,570	19,863		29,433
Miscellaneous		11,186		11,186
Total Cash Receipts	<u>462,551</u>	<u>2,067,960</u>	<u>306,049</u>	<u>2,836,560</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	644,859	28,175	4,857	677,891
Public Safety		1,220,171	74,986	1,295,157
Public Works	6,000	695,776		701,776
Health	9,798	5,341		15,139
Other		44,035		44,035
Capital Outlay			430,768	430,768
<b>Debt Service:</b>				
Principal Retirement	8,624	88,335	126,041	223,000
Interest and Fiscal Charges	5,845	6,067	105,984	117,896
Total Cash Disbursements	<u>675,126</u>	<u>2,087,900</u>	<u>742,636</u>	<u>3,505,662</u>
Excess of Receipts Over (Under) Disbursements	<u>(212,575)</u>	<u>(19,940)</u>	<u>(436,587)</u>	<u>(669,102)</u>
<b>Other Financing Receipts:</b>				
Sale of Capital Assets		14,907		14,907
Total Other Financing Receipts		<u>14,907</u>		<u>14,907</u>
Net Change in Fund Cash Balances	(212,575)	(5,033)	(436,587)	(654,195)
Fund Cash Balances, January 1	<u>919,288</u>	<u>2,828,531</u>	<u>947,788</u>	<u>4,695,607</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		2,784,450	511,201	3,295,651
Committed		14,589		14,589
Assigned		24,459		24,459
Unassigned (Deficit)	706,713			706,713
Fund Cash Balances, December 31	<u>\$706,713</u>	<u>\$2,823,498</u>	<u>\$511,201</u>	<u>\$4,041,412</u>

*The notes to the financial statements are an integral part of this statement.*

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$45,895	\$1,242,098	\$273,036	\$1,561,029
Charges for Services	397	333,909		334,306
Licenses, Permits and Fees	103,438	25,264		128,702
Intergovernmental	751,352	282,402	526,152	1,559,906
Special Assessments		4,579		4,579
Earnings on Investments	20,141	27,423		47,564
Miscellaneous	12,072	12,972		25,044
Total Cash Receipts	<u>933,295</u>	<u>1,928,647</u>	<u>799,188</u>	<u>3,661,130</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	650,759	53,380	44	704,183
Public Safety		977,644	2,010	979,654
Public Works	1,476	598,676		600,152
Health		42,944		42,944
Capital Outlay		153,360	511,232	664,592
<b>Debt Service:</b>				
Principal Retirement	8,316	60,615	146,069	215,000
Interest and Fiscal Charges	6,048	33,384	86,847	126,279
Total Cash Disbursements	<u>666,599</u>	<u>1,920,003</u>	<u>746,202</u>	<u>3,332,804</u>
Net Change in Fund Cash Balances	266,696	8,644	52,986	328,326
Fund Cash Balances, January 1	<u>652,592</u>	<u>2,819,887</u>	<u>894,802</u>	<u>4,367,281</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		2,756,318	947,788	3,704,106
Committed		65,417		65,417
Assigned		6,796		6,796
Unassigned (Deficit)	919,288			919,288
Fund Cash Balances, December 31	<u>\$919,288</u>	<u>\$2,828,531</u>	<u>\$947,788</u>	<u>\$4,695,607</u>

*The notes to the financial statements are an integral part of this statement.*



**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provide additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

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

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

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

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

**2. Special Revenue Funds**

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

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Road and Bridge Fund** - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

**Gasoline Tax Fund** - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

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

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

**3. Capital Project Funds**

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

**Fire Fund** - The Township received property tax money to purchase equipment for the fire department operations.

**OPWC Bridge Replacement Fund** – The Township received pass through funds from the Ohio Public Works Commission to pay for the replacement of a bridge.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Non-spendable**

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

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

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	<u>2013</u>	<u>2012</u>
Demand deposits	\$358,187	\$874,224
Certificates of deposit		165,885
Total deposits	<u>358,187</u>	<u>1,040,109</u>
U.S. Treasury Notes	1,154,289	263,613
Money Market	676,176	213,354
Federal Home Loan Bank	458,660	605,985
Federal Home Loan Mortgage Corporation	400,453	498,803
Federal National Mortgage Association	993,647	2,073,743
Total investments	<u>3,683,225</u>	<u>3,655,498</u>
Total deposits and investments	<u>\$4,041,412</u>	<u>\$4,695,607</u>

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

**Investments:** Huntington National Bank's trust department holds the Township's U.S. Treasury Notes in book entry form in the Township's name. Investments in money market mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

<u>2013 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$416,188	\$462,551	\$46,363
Special Revenue	2,130,445	2,082,867	(47,578)
Capital Projects	308,430	306,049	(2,381)
Total	<u>\$2,855,063</u>	<u>\$2,851,467</u>	<u>(\$3,596)</u>

<u>2013 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,246,159	\$675,126	\$571,033
Special Revenue	4,505,847	2,087,900	2,417,947
Capital Projects	1,440,199	742,636	697,563
Total	<u>\$7,192,205</u>	<u>\$3,505,662</u>	<u>\$3,686,543</u>

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2012 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$893,540	\$933,295	\$39,755
Special Revenue	1,958,369	1,928,647	(29,722)
Capital Projects	720,566	799,188	78,622
Total	\$3,572,475	\$3,661,130	\$88,655

<b>2012 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$859,918	\$666,599	\$193,319
Special Revenue	4,031,859	1,920,003	2,111,856
Capital Projects	1,312,836	746,202	566,634
Total	\$6,204,613	\$3,332,804	\$2,871,809

**4. DEBT**

Debt outstanding at December 31, 2013 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Township Office / Fire Station	\$1,738,000	3%
Garden Acre Fire	792,000	4 – 4.75%

The Township issued two general obligation bonds with combined outstanding principal as of December 31, 2013 of \$2,530,000.

The first obligation bond was issued October 6, 2005 to finance the construction of a new firehouse and an administration office located at 2777 Springfield Xenia Rd Springfield, Ohio 45506. The original funding was through the Ohio Township Leasing Authority (OTLA) and leased to Springfield Township, OTLA number 05F278262. The original issue amount was \$2,538,000. The balance as of December 31, 2013 is \$ 1,738,000.

The second general obligation bond was issued July 27, 2006 to finance and convert the E Check facility to the East Side Garden Acres fire station. In addition, this bond issue was for the purchase of a Sutphen Custom SL 75 Aerial Ladder fire apparatus and the purchase of a new EMS Medic Unit. The original issue amount was \$1,483,000. The balance as of December 31, 2013 is \$792,000.

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

<b>Year ending December 31</b>	<b>Township Office / Fire Station Principal</b>	<b>Garden Acre Fire Principal</b>	<b>Total Interest</b>	<b>Total Principal and Interest</b>
2014	\$116,000	\$116,000	\$106,702	\$338,702
2015	120,000	122,000	97,219	339,219
2016	125,000	125,000	87,321	337,321
2017	129,000	35,000	76,853	240,853
2018	134,000	36,000	70,074	240,074
2019 - 2023	764,000	208,000	237,300	1,209,300
2024 - 2026	350,000	150,000	36,880	536,880
Total	\$1,738,000	\$792,000	\$712,349	\$3,242,349

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. PROPERTY TAX**

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

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

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

**6. RETIREMENT SYSTEM**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their wages, and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

**7. RISK MANAGEMENT**

**A. Risk Pool Membership**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**B. Casualty and Property Coverage**

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**C. Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2012:

	<b>2013</b>	<b>2012</b>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$56,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<b>Contributions to OTARMA</b>	
<b>2013</b>	<b>2012</b>
\$102,294	\$103,134

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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# Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Springfield Township, Clark County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated January 6, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-001 and 2013-002 described in the accompanying schedule of findings to be material weaknesses.

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 6, 2015

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2013-001**

**Material Weakness**

**Posting of Transactions and Financial Statement Errors**

The Township incorrectly posted various financial transactions to its accounting system which led to the following adjustments/reclassifications to the financial statements:

- Intergovernmental revenue in the amount of \$3,618 was incorrectly posted as other revenue in the general fund in 2012.
- Unrestricted hotel/motel tax receipts in the amount of \$38,647 were incorrectly posted to the hotel/motel tax fund instead of the general fund in 2012.
- Permissive tax revenue in the amount of \$28,844 was posted incorrectly to the hotel/motel tax fund instead of the permissive tax fund in 2012.
- EMS billing receipts in the amount of \$107,372 were posted to the EMS services tax fund instead of the EMS services billing fund in 2012.
- Motor vehicle license tax revenue in the amount of \$11,910 was incorrectly posted to the permissive motor vehicle fund instead of the motor vehicle license tax fund in 2012.
- Property tax revenue in the amount of \$3,800 was incorrectly posted to an ambulance and EMS fund instead of the ambulance equipment fund in 2012.
- Interest revenue in the amount of \$1,500 was incorrectly posted to the transfers in line item in the special revenue funds in 2012.
- On-behalf activity from the Ohio Public Works Commission was not recorded by the Township in the amount of \$389,644. This amount should have been recorded as an intergovernmental revenue and capital outlay expenditure in a capital projects fund during 2012.
- Unrestricted hotel/motel tax receipts in the amount of \$44,978 were incorrectly posted to the hotel/motel tax fund instead of the general fund in 2013.
- Permissive tax revenue in the amount of \$20,245 was posted incorrectly as tax revenue instead of intergovernmental revenue in 2013.
- Motor vehicle license tax revenue in the amount of \$18,284 was incorrectly posted to the permissive tax fund as tax revenue instead of intergovernmental revenue in the motor vehicle license tax fund in 2013.
- Also see material weakness comment titled "Debt Payment Activity" for various errors related to the accounting for debt payments during 2012 and 2013.

The Township also incorrectly rolled the financial activity of individual funds into other fund types for 2012 as follows:

- The lighting assessment fund was rolled into the general fund in the amount of \$70,816 of beginning fund balance, \$4,579 of revenue, and \$3,612 of expenditures. This activity should have been classified as special revenue fund activity on the financial statements.
- The hotel/motel tax fund was entirely rolled into the general fund in the amount of \$154,814 of beginning fund balance, \$81,163 of revenue, and \$13,414 of expenditures. A portion of this activity, as noted above, should have been posted directly to the general fund. The remaining activity should have been classified as special revenue fund activity on the financial statements.

**FINDING NUMBER 2013-001  
(Continued)**

- The permanent improvement fund was rolled into the general fund in the amount of \$1,827 of beginning fund balance and \$1,825 of expenditures. This activity should have been classified as capital projects fund activity on the financial statements.
- A fire fund was rolled into the special revenue funds in the amount of \$704,971 of beginning fund balance, \$216,247 of revenues, and \$41,327 of expenditures. Given the nature of this fund's expenditures, this activity should have been classified as capital projects fund activity on the financial statements.
- An ambulance fund was rolled into the special revenue funds in the amount of \$188,003 of beginning fund balance, \$70,016 of revenues, and \$2,286 of expenditures. Given the nature of this fund's expenditures, this activity should have been classified as capital projects fund activity on the financial statements.

The Township's financial statements were adjusted to reflect the proper amounts. Additionally, all fund balance errors noted above were adjusted on the Township's accounting system.

The following errors were also noted:

- Property tax revenue was incorrectly posted at net instead of gross in the amounts of \$2,574, \$2,005, \$2,005, and \$2,005 in the road and bridge fund, road district fund, fire/ems fund, and fire equipment fund, respectively, in 2012. Tax revenue and the related expenditures were understated. The financial statements were not adjusted for these errors.
- Intergovernmental revenue in the amount of \$3,000 was incorrectly posted as other revenue in the fire/ems fund in 2012. The financial statements were not adjusted for this error.

Failure to properly record all financial activity in the accounting system and report all financial activity in the proper fund type could lead to fund balance errors, audit adjustments and reclassifications, and unreliable financial information.

The Township should utilize the UAN chart of accounts in determining proper fund and line item posting for all financial transactions. Additionally, the Township should perform a comprehensive review of all funds to determine if all funds are required funds. If not a required fund, the Township should consider consolidating and/or eliminating unnecessary funds.

**FINDING NUMBER 2013-002**

**Material Weakness**

**Debt Payment Activity**

There were various financial statement errors related to the Township's debt payments during the period. Debt payments were allocated to funds in amounts that could not be explained by the Township. Additionally, the funds utilized and the allocation of debt payments to the funds was not consistent from one year to the next. As a result, the Township has subsequently created and adopted a debt payment allocation plan.

Debt payments were posted to the incorrect line item by the Township during 2013 as follows:

- \$20,367 in interest payments were incorrectly posted as a public safety expenditure rather than interest in a special revenue fund.
- \$13,118 in interest payments were incorrectly posted as a principal payment rather than interest in a special revenue fund.
- \$25,463 in interest payments were incorrectly posted as a principal payment rather than interest in a capital projects fund.

**FINDING NUMBER 2013-002  
(Continued)**

Based on the debt payment allocation plan noted above, the following errors related to the allocation of debt principal and interest were made by the Township:

- No debt payments were allocated to the general fund during 2013 or 2012 despite debt payments related to the Township's administration building. Principal and interest related to the general fund for 2012 was \$8,316 and \$6,048, respectively. Principal and interest for 2013 was \$8,624 and \$5,845, respectively.
- For special revenue funds during 2012, principal payments and interest payments were overstated by \$154,385 and \$51,616, respectively. For special revenue funds during 2013, principal payments and interest payments were overstated by \$60,128 and \$49,035, respectively.
- For capital projects funds during 2012, principal payments and interest payments were understated by \$146,069 and \$45,568, respectively. For capital projects funds during 2013, principal payments and interest payments were understated by \$51,504 and \$43,190, respectively.

Adjustments have been posted to the Township's records and the accompanying financial statements to correct these errors.

Failure to record principal and interest payments to the proper line item could lead to misleading financial statement information and financial statement reclassifications. Additionally, failure to allocate debt payments to the fund that each specific debt relates to could lead to Township money being used for unintended purposes, which could lead to fund balance errors and adjustments.

The Township should implement procedures related to the proper accounting of debt payments. The Township should review the UAN chart of accounts for guidance in posting all financial activity to the accounting system. The Township should also follow its adopted debt payment allocation plan for all subsequent periods.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-01	Ohio Rev. Code Section 5705.41(D)	No	Partially corrected, included in management letter
2011-02	Ohio Rev. Code Section 5705.41(B)	Yes	
2011-03	Classification of Transactions / Monthly Reconciliations	No	Repeated as Finding Number 2013-001



# Dave Yost • Auditor of State

**SPRINGFIELD TOWNSHIP**

**CLARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 29, 2015**