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## **Springfield Township, Ohio**

Financial Statements

Years Ended December 31, 2012 and 2011

with Independent Auditors' Report





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Springfield Township, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 23, 2013

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Springfield Township, Hamilton County:

### ***Report of Financial Statements***

We have audited the accompanying financial statements and related notes of Springfield Township, Hamilton County (the Township) as of and for the years ended December 31, 2012 and 2011.

### ***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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

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

www.cshco.com  
p. 513.241.3111  
f. 513.241.1212

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, 2012 and 2011, or changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Springfield Township, Hamilton County, as of December 31, 2012 and 2011, 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 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 8 to the financial statements, during 2011 the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
July 11, 2013



**Springfield Township, Hamilton County**  
*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2012*

	General	Special Revenue	Capital Projects	Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 217,106	10,780,756	527,638	11,525,500
Charges for Services	-	816,890	-	816,890
Licenses, Permits and Fees	439,212	1,575	-	440,787
Fines and Forfeitures	52,518	132,502	-	185,020
Intergovernmental	1,608,017	2,730,591	85,042	4,423,650
Special Assessments	47,951	2,400	-	50,351
Earnings on Investments	104,568	5,666	-	110,234
Other	539,245	304,913	-	844,158
<i>Total Cash Receipts</i>	<u>3,008,617</u>	<u>14,775,293</u>	<u>612,680</u>	<u>18,396,590</u>
<b>Cash Disbursements</b>				
Current:				
General Government	1,060,740	-	-	1,060,740
Public Safety	-	12,004,989	-	12,004,989
Public Works	552,544	1,060,376	-	1,612,920
Health	38,113	-	-	38,113
Human Services	-	62,480	-	62,480
Conservation-Recreation	379,113	-	-	379,113
Other	-	16,889	326,934	343,823
Capital Outlay	38,253	147,889	115,866	302,008
Debt Service:				
Principal Retirement	209,840	506,508	-	716,348
Interest and Fiscal Charges	157,965	341,128	-	499,093
<i>Total Cash Disbursements</i>	<u>2,436,568</u>	<u>14,140,259</u>	<u>442,800</u>	<u>17,019,627</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>572,049</u>	<u>635,034</u>	<u>169,880</u>	<u>1,376,963</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources (Uses)	(36)	-	-	(36)
<i>Total Other Financing Sources (Uses)</i>	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>(36)</u>
<i>Net Change in Fund Cash Balances</i>	572,013	635,034	169,880	1,376,927
<i>Fund Balances Beginning of Year</i>	<u>3,844,877</u>	<u>7,213,539</u>	<u>204,837</u>	<u>11,263,253</u>
<b>Fund Cash Balances, End of Year</b>				
Restricted	-	7,811,141	374,717	8,185,858
Committed	11,000	37,432	-	48,432
Assigned	1,020,363	-	-	1,020,363
Unassigned	3,385,527	-	-	3,385,527
<i>Fund Balances End of Year</i>	<u>\$ 4,416,890</u>	<u>7,848,573</u>	<u>374,717</u>	<u>12,640,180</u>

See accompanying notes to the basic financial statements 3

**Springfield Township, Hamilton County**  
*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2011*

	General	Special Revenue	Capital Projects	Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 246,347	11,255,811	523,105	12,025,263
Charges for Services	-	984,365	-	984,365
Licenses, Permits and Fees	416,536	2,967	-	419,503
Fines and Forfeitures	46,992	83,277	-	130,269
Intergovernmental	2,435,592	3,022,737	427,350	5,885,679
Special Assessments	61,957	2,400	-	64,357
Earnings on Investments	146,349	9,117	-	155,466
Other	386,779	339,566	-	726,345
<i>Total Cash Receipts</i>	<u>3,740,552</u>	<u>15,700,240</u>	<u>950,455</u>	<u>20,391,247</u>
<b>Cash Disbursements</b>				
Current:				
General Government	1,080,710	-	-	1,080,710
Public Safety	-	13,183,256	-	13,183,256
Public Works	457,291	1,889,236	-	2,346,527
Health	38,077	-	-	38,077
Human Services	-	40,328	-	40,328
Conservation-Recreation	448,157	-	-	448,157
Other	-	33,129	325,604	358,733
Capital Outlay	33,473	391,501	442,120	867,094
Debt Service:				
Principal Retirement	205,800	467,266	-	673,066
Interest and Fiscal Charges	166,784	357,221	-	524,005
<i>Total Cash Disbursements</i>	<u>2,430,292</u>	<u>16,361,937</u>	<u>767,724</u>	<u>19,559,953</u>
<i>Net Change in Fund Cash Balances</i>	1,310,260	(661,697)	182,731	831,294
<i>Restated Fund Balances Beginning of Year</i>	<u>2,534,617</u>	<u>7,875,236</u>	<u>22,106</u>	<u>10,431,959</u>
<b>Fund Cash Balances, End of Year</b>				
Restricted	-	7,156,194	204,837	7,361,031
Committed	11,000	57,345	-	68,345
Assigned	963,737	-	-	963,737
Unassigned	2,870,140	-	-	2,870,140
<i>Fund Balances End of Year</i>	<u>\$ 3,844,877</u>	<u>7,213,539</u>	<u>204,837</u>	<u>11,263,253</u>

See accompanying notes to the basic financial statements

SPRINGFIELD TOWNSHIP  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

**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, Hamilton County, (the Township) as a body corporate and politic. The subdivision was established in 1795 and is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, police and fire protection and emergency medical services. The Township also contracts with the Colerain Township to provide fire protection and emergency medical services. The Township's contract with the City of Forest Park for fire and emergency services expired in 2012 and was not renewed.

The Township contracts with the Hylant Group via Ohio Plan Risk Management, Inc. (OPRM), a risk sharing pool available to Ohio Townships. OPRM provides property and casualty coverage for its members. A summary of the Ohio Government Risk Management Plan appears in Note 7.

The Township also participates in Joint Economic Development District (JEDD) with the City of Mt. Healthy. The JEDD is located entirely within Springfield Township, Hamilton County. The purpose of the JEDD is to facilitate the development of jobs and employment opportunities along with improving the welfare of people in the State of Ohio and the area of the contracting parties. A summary of the Joint Economic Development District appears in Note 10.

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 the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. Cash and Investments**

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

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

**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:

SPRINGFIELD TOWNSHIP  
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**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

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

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Public Improvement Tax Increment Fund – This fund captures all activity related to real property improvements funded with tax increment financing.

**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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also 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 carried over, and need not be reappropriated.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

SPRINGFIELD TOWNSHIP  
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**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. Nonspendable**

The Township classifies assets as *nonspendable* 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  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

**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. Cash 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:

	2012	2011
Demand deposits	\$ 72,052	\$ 65,070
Repurchase Agreement	<u>\$ 12,568,128</u>	<u>\$ 11,198,183</u>
Total deposits and investments	<u>\$ 12,640,180</u>	<u>\$ 11,263,253</u>

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

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,445,519	3,008,617	(436,902)
Special Revenue	14,744,485	14,775,293	30,808
Capital Projects	<u>612,680</u>	<u>612,680</u>	-
Total	<u>\$ 18,802,684</u>	<u>18,396,590</u>	<u>(406,094)</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,553,220	2,448,272	1,104,948
Special Revenue	16,338,442	14,248,477	2,089,965
Capital Projects	<u>780,862</u>	<u>442,800</u>	<u>338,062</u>
Total	<u>\$ 20,672,524</u>	<u>17,139,549</u>	<u>3,532,975</u>

SPRINGFIELD TOWNSHIP  
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2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,145,148	3,740,552	595,404
Special Revenue	15,187,174	15,700,240	513,066
Capital Projects	<u>862,299</u>	<u>950,455</u>	<u>88,156</u>
Total	<u>\$ 19,194,621</u>	<u>20,391,247</u>	<u>1,196,626</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,941,414	2,443,397	1,498,017
Special Revenue	18,212,215	16,431,770	1,780,445
Capital Projects	<u>847,920</u>	<u>771,524</u>	<u>76,396</u>
Total	<u>\$ 23,001,549</u>	<u>19,646,691</u>	<u>3,354,858</u>

**4. 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.

**5. Debt**

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC 2001 Covered Bridge Loan	\$ 246,150	0.00%
OPWC 2003 Trapp Lane Loan	148,477	0.00%
Series 2004 General Obligation Bonds	1,500,000	4.62%
Series 2006 General Obligation Bonds	9,170,000	3.5% - 5.0%
2010 Fire Apparatus Loan	294,201	3.75%
OPWC CB18N North Hill Sub Loan	<u>540,828</u>	0.00%
Total	<u>\$ 11,899,656</u>	

The general obligation bonds and Ohio Public Works Commission project loans are collateralized by the Township's taxing authority are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

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

Year Ending December 31	2004 General Obligation Bonds	2006 General Obligation Bonds	2010 Fire Apparatus Loan	OPWC Loans
2013	\$ 194,300	\$ 828,328	\$ 105,512	\$ 80,322
2014	188,525	831,328	105,512	80,322
2015	182,750	833,078	105,512	80,322
2016	177,118	833,578	-	80,322
2017	171,200	832,978	-	80,322
2018-2022	769,454	4,166,090	-	374,260
2023-2027	267,340	4,194,875	-	159,585
	<u>\$ 1,950,687</u>	<u>\$ 12,520,255</u>	<u>\$ 316,536</u>	<u>\$ 935,455</u>

## 6. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2012 and 2011, OPERS members, other than public safety and law enforcement members, contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. For 2012, public safety and law enforcement members contributed 11.50% and 12.10% of their gross wages, respectively. In 2011, Public safety and law enforcement members contributed 11.0% and 11.6%, of their gross wages, respectively. In 2012 and 2011, the Township's law enforcement and public safety division employer contribution rate was 18.10% of covered payroll. The Township has paid all contributions required through December 31, 2012.

## 7. Risk Management

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.



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OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (41.5% effective November 1, 2011, 40% through October 31, 2011 and 17.5% through October 31, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2011 and 2010 (the latest information available).

	<b>2011</b>	<b>2010</b>
Assets	\$12,501,280	\$12,036,541
Liabilities	(5,328,761)	(4,845,056)
Members' Equity	\$7,172,519	\$7,191,485

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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

**8. Change in Accounting Principles**

During 2011, the Township adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clarified fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. A fund with a cash balance of \$11,000, which was previously reported as a special revenue fund, has been reclassified as part of the General Fund in 2011 for financial reporting purposes.

SPRINGFIELD TOWNSHIP  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
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**9. 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.

**10. Joint Economic Development District**

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

The JEDD is located entirely within Springfield Township, Hamilton County. The purpose of the JEDD is to facilitate the development of jobs and employment opportunities along with improving the welfare of people in the State of Ohio and the area of the contracting parties. The JEDD creates a Board of Directors which consists of a Municipal Member, a Township member, a member who represents the owners of the businesses within the JEDD, a member who represents the persons working within the JEDD, and one member who is selected by the above members who serves as chairperson.

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

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

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

The City of Mt. Healthy administers and collects income tax for the JEDD and reports monthly and quarterly to the contracting parties.

**11. Contingent Liabilities**

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

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

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Springfield Township, Hamilton County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Springfield Township, Hamilton County (Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 11, 2013 wherein we noted the Township followed accounting practices the Auditor of State prescribes and adopted Governmental Accounting Standards Board Statement No. 54.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

www.cshco.com  
p. 513.241.3111  
f. 513.241.1212

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. According, this communication is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
July 11, 2013



# Dave Yost • Auditor of State

**SPRINGFIELD TOWNSHIP**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 3, 2013**