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Marietta, OH 45750
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Parkersburg, WV 26101
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St. Clairsville, OH 43950
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Certified Public Accountants, A.C.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY
Regular Audit**

For the Years Ended December 31, 2014 and 2013

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
Springfield Township
9150 Winton Rd
Cincinnati, OH 45231

We have reviewed the *Independent Auditor's Report* of Springfield Township, Hamilton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. 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

November 13, 2015

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**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

August 14, 2015

Springfield Township
Hamilton County
9150 Winton Road
Cincinnati, Ohio 45231

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of **Springfield Township**, Hamilton County, (the Township) as of and for the years ended December 31, 2014 and 2013.

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.



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• Association of Certified Anti - Money Laundering Specialists •



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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, 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, 2014 and 2013, 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 521,322	\$ 11,575,847	\$ 417,675	\$ 12,514,844
Charges for Services	-	953,611	-	953,611
Licenses, Permits and Fees	445,405	435	-	445,840
Fines and Forfeitures	45,857	68,746	-	114,603
Intergovernmental	913,565	2,577,846	241,468	3,732,879
Special Assessments	62,889	-	-	62,889
Earnings on Investments	87,518	3,520	-	91,038
Miscellaneous	410,168	449,533	-	859,701
<i>Total Cash Receipts</i>	<u>2,486,724</u>	<u>15,629,538</u>	<u>659,143</u>	<u>18,775,405</u>
Cash Disbursements				
Current:				
General Government	1,655,926	-	-	1,655,926
Public Safety	-	11,766,183	-	11,766,183
Public Works	541,866	1,220,970	-	1,762,836
Health	36,696	-	-	36,696
Human Services	-	68,586	-	68,586
Conservation-Recreation	395,538	-	-	395,538
Other	-	19,141	383,101	402,242
Capital Outlay	18,846	177,869	245,290	442,005
Debt Service:				
Principal Retirement	218,930	549,415	-	768,345
Interest and Fiscal Charges	137,523	299,819	-	437,342
<i>Total Cash Disbursements</i>	<u>3,005,325</u>	<u>14,101,983</u>	<u>628,391</u>	<u>17,735,699</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(518,601)</u>	<u>1,527,555</u>	<u>30,752</u>	<u>1,039,706</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	242,000	-	242,000
Transfers Out	(242,000)	-	-	(242,000)
Advances In	130,000	130,000	-	260,000
Advances Out	(130,000)	(130,000)	-	(260,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(242,000)</u>	<u>242,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(760,601)</u>	<u>1,769,555</u>	<u>30,752</u>	<u>1,039,706</u>
<i>Fund Cash Balances, January 1</i>	<u>4,576,774</u>	<u>9,471,791</u>	<u>627,196</u>	<u>14,675,761</u>
Fund Cash Balances, December 31				
Restricted	-	10,980,962	657,948	11,638,910
Committed	-	260,384	-	260,384
Assigned	22,994	-	-	22,994
Unassigned	3,793,179	-	-	3,793,179
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,816,173</u>	<u>\$ 11,241,346</u>	<u>\$ 657,948</u>	<u>\$ 15,715,467</u>

The accompanying notes are an integral part of the Financial Statements.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 221,750	\$ 11,592,643	\$ 343,745	\$ 12,158,138
Charges for Services	-	970,820	-	970,820
Licenses, Permits and Fees	449,611	2,691	-	452,302
Fines and Forfeitures	27,943	146,500	-	174,443
Intergovernmental	1,839,375	2,570,443	287,397	4,697,215
Special Assessments	63,909	1,200	-	65,109
Earnings on Investments	103,101	5,602	-	108,703
Miscellaneous	385,372	358,353	-	743,725
<i>Total Cash Receipts</i>	<u>3,091,061</u>	<u>15,648,252</u>	<u>631,142</u>	<u>19,370,455</u>
Cash Disbursements				
Current:				
General Government	1,611,256	-	-	1,611,256
Public Safety	-	11,402,135	-	11,402,135
Public Works	473,948	1,414,540	-	1,888,488
Health	36,795	-	-	36,795
Human Services	-	95,583	-	95,583
Conservation-Recreation	366,026	-	-	366,026
Other	-	18,470	88,902	107,372
Capital Outlay	37,530	291,466	289,761	618,757
Debt Service:				
Principal Retirement	213,880	525,922	-	739,802
Interest and Fiscal Charges	147,742	320,918	-	468,660
<i>Total Cash Disbursements</i>	<u>2,887,177</u>	<u>14,069,034</u>	<u>378,663</u>	<u>17,334,874</u>
<i>Excess of Receipts Over Disbursements</i>	<u>203,884</u>	<u>1,579,218</u>	<u>252,479</u>	<u>2,035,581</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	44,000	-	44,000
Transfers Out	(44,000)	-	-	(44,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(44,000)</u>	<u>44,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	159,884	1,623,218	252,479	2,035,581
<i>Fund Cash Balances, January 1</i>	<u>4,416,890</u>	<u>7,848,573</u>	<u>374,717</u>	<u>12,640,180</u>
Fund Cash Balances, December 31				
Restricted	-	9,381,497	627,196	10,008,693
Committed	-	90,294	-	90,294
Unassigned	4,576,774	-	-	4,576,774
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,576,774</u>	<u>\$ 9,471,791</u>	<u>\$ 627,196</u>	<u>\$ 14,675,761</u>

The accompanying notes are an integral part of the Financial Statements.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

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 participates in jointly governed organizations and a public entity risk pool. Notes 7 and 8 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:

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

Jointly Governed Organizations:

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

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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

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

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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 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 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. 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 approve estimated resources.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Process (Continued)

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 2014 and 2013 budgetary activity appears in Note 3.

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* amount 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.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balance (Continued)

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.

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:

	2014	2013
Demand deposits	\$ 65,000	\$ 69,171
Total deposits	65,000	69,171
Repurchase agreement	15,650,467	14,606,590
Total investments	15,650,467	14,606,590
Total deposits and investments	\$ 15,715,467	\$ 14,675,761

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

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

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,029,257	\$ 2,486,724	\$ 457,467
Special Revenue	15,278,356	15,871,538	593,182
Capital Projects	2,079,673	659,143	(1,420,530)
Total	\$ 19,387,286	\$ 19,017,405	\$ (369,881)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,009,075	\$ 3,270,319	\$ 738,756
Special Revenue	16,924,989	14,283,217	2,641,772
Capital Projects	2,271,660	628,391	1,643,269
Total	\$ 23,205,724	\$ 18,181,927	\$ 5,023,797

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,241,263	\$ 3,091,061	\$ 849,798
Special Revenue	14,746,784	15,692,252	945,468
Capital Projects	970,895	631,142	(339,753)
Total	\$ 17,958,942	\$ 19,414,455	\$ 1,455,513

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,451,320	\$ 2,942,860	\$ 508,460
Special Revenue	16,328,703	14,260,541	2,068,162
Capital Projects	1,125,081	480,562	644,519
Total	\$ 20,905,104	\$ 17,683,963	\$ 3,221,141

Contrary to Ohio law, actual receipts were lower than budgeted receipts for 2014 by \$473,997 in the OPWC Project Greenfield Fund; by \$728,000 in the OPWC Project Fund; by \$136,210 in the OPWC Project McKelvey Fund; and by \$82,323 in the Public Improvement Tax Fund. Contrary to Ohio law, actual receipts were lower than budgeted receipts for 2013 by \$101,899 in the OPWC Project Brentwood Fund; by \$81,602 in the Public Works Commission Fund; and by \$156,252 in the Public Improvement Tax Fund. These negative variances caused actual receipts plus beginning fund balances to be less than appropriations.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

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.

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, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC - CB12F	\$ 122,655	0%
OPWC - CB18N	460,706	0%
OPWC - CB22D	191,450	0%
Series 2004 Bonds	1,250,000	4.62%
Series 2006 Bonds	8,265,000	3.5-5%
2010 Fire Apparatus Loan	101,698	3.75%
Total	<u>\$ 10,391,509</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. Debt is paid from the General, Police District, Fire District, Road District and Permissive Motor Vehicle License Tax Funds.

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

<u>Year</u>	<u>OPWC Loans</u>	<u>Series 2004 Bonds</u>	<u>Series 2006 Bonds</u>	<u>2010 Fire</u>
2015	\$ 80,322	\$ 182,750	\$ 833,077	\$ 105,512
2016	80,322	177,117	833,577	-
2017	80,322	171,200	832,977	-
2018	80,322	165,428	831,577	-
2019	80,322	159,650	834,377	-
2020-2024	373,201	711,720	4,174,208	-
2025-2029	-	-	252,800	-
Total	<u>\$ 774,811</u>	<u>\$ 1,567,865</u>	<u>\$ 8,592,593</u>	<u>\$ 105,512</u>

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

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 January 1, 2013 through June 30, 2014, OP&F participants contributed 10.75% of their wages. For July 1, 2014 through December 31, 2014, OP&F participants contributed 11.5% of their wages. For 2014 and 2013, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. For 2014 and 2013, public safety and law enforcement members contributed 13.0% and 12.0% of their gross wages, respectively. For 2013, Public safety and law enforcement members contributed 12.0% and 12.6%, of their gross wages, respectively. In 2014 and 2013, the Township's law enforcement and public safety division employer contribution rate was 18.1% of covered payroll. The Township has paid all contributions required through December 31, 2014.

7. RISK MANAGEMENT

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

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

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% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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

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

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

7. RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

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

8. JOINT ECONOMIC DEVELOPMENT AUTHORITY

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.

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. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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740.695.1569

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

August 14, 2015

Springfield Township
Hamilton County
9150 Winton Road
Cincinnati, Ohio 45231

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **Springfield Township**, Hamilton County, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated August 14, 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 finding 2014-001 described in the accompanying schedule of audit findings to be a material weakness.



... "bringing more to the table"

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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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2014-002.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2014-001

Material Weakness

Bank Reconciliations

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. Outstanding checks, deposits in transit and other reconciling items were not detailed to enable a proper reconciliation to be performed. In addition, the Township's receipts and appropriations ledgers were not reconciled to the activity recorded in the Township's cashbook. The lack of proper reconciliations among the bank statements, cashbook and ledgers resulted in numerous errors which remained undetected and/or uncorrected. The extensive problems with these reconciliations resulted in the need for the Township to obtain detailed proofs of cash for each month through June 2014, completed by Local Government Services.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Board for the Board's review and use in managing the Township. The Fiscal Officer should reconcile activity entered in the receipts ledger and appropriations ledger to the cashbook. Disbursements should be posted to those account codes as recorded on the Board approved vouchers.

Management's Response – Preparing accurate monthly bank reconciliations has always been a high priority for Springfield Township and the Finance Department, as evidenced by many previous years of successful audits.

Unfortunately, the Township's Finance Director suffered from a serious health condition in 2013 that resulted in a prolonged absence for most of 2014 and eventually her death later that year. Due to the specific nature of her illness, the exact extent of the workload back-ups and the unknown impacts they caused was not known.

However, upon full discovery of the issue concerning bank reconciliations in early 2014, the Township self-reported this situation to the State Auditor, requested assistance from Local Government Services and brought in extra staffing to correct the issue. Therefore, this was an issue that the Township was aware of prior to the audit and in fact had taken corrective actions to resolve the issue far in advance of the audit. Local Government Services acknowledged the unusual and unfortunate circumstances that occurred in the Finance office and noted that the Township took all the proper steps in an expedited manner to correct it.

A new Finance Director was hired in June of 2014 and updated protocols were immediately implemented regarding all finance operations, including monthly bank reconciliations. Bank reconciliations are again being processed monthly and summaries of financial information are presented to the Board of Trustees on a monthly basis.

**MADISON TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2014-002

Noncompliance

Ohio Rev. Code Section 5705.36 allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of deficiency will reduce available resources below the current level of appropriation.

During 2014 and 2013, unfavorable budget variances for receipts resulted in reductions in the available resources for appropriations below the allowable amounts.

The Township should perform a comparison of the estimated resources and the actual receipts periodically in order to determine whether an amended certificate of estimated resources needs to be obtained.

Management's Response – The issue during 2013 and 2014 of unfavorable budget variances for receipts resulting in the available resources for appropriations being below the allowable limits is directly and exclusively due to the way Ohio Public Works Commission (OPWC) projects are awarded and the time that the projects were actually completed by the Township. This issue resulted due to a misunderstanding by the Township, regarding how this accounting anomaly should be recorded. However, the Township's goal is to comply fully with the requirement and all steps necessary to do so will be taken.

Springfield Township has been very successful obtaining grants from the OPWC for road construction projects. Notice by OPWC of a grant award in any given year is generally given towards the end of the year. However, the actual availability of the funding, competitive bidding for the project and commencement of construction cannot occur until July of the following year. This leaves only a 4-month long time period to complete the all aspects of the project, since most asphalt plants close in early December.

Due to the size and scope of projects that took place in 2013 and 2014 the Township chose to delay the initiation of the projects it received grant funding for until the next year after the July funding availability date. Doing this avoids starting and stopping a project and leaving a road in an unfinished condition during the winter months. This process also ensures an overall better project and longer-term durability of the road.

The previous Finance Director and Fiscal Officer sought and received clarification from OPWC and the State Auditor's office regarding how to handle this unusual reporting situation for projects in previous audit years, however, this information was not conveyed to the new Finance Director due to the above mentioned illness and change in Fiscal Officers due to an election. This led to a misunderstanding regarding how this situation should be recorded.

**MADISON TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2014-002 (Continued)

Noncompliance (Continued)

Springfield Township acknowledges the eventual receipt and expenditure in the year the project is awarded. It should be noted that when the Township receives OPWC grant awards, the Township never actually receives any revenue or expends any funds from OPWC. The vendor is paid directly by OPWC and the Township simply records the revenue and expense as an accounting transaction. Although appropriations reflect the expenditure of the project funds in the current year, the state recommended accounting software, the Uniform Accounting Network, which the Township utilizes, does not allow the expenditure of funds if the funds have not yet been received. Therefore, there was no risk of the Township expending revenue that was budgeted but never actually received in any of the OPWC project funds.

Notwithstanding this explanation, The Township will take all steps necessary to ensure that a comparison of estimated resources and actual receipts is completed periodically and an amended certificate of resources will be requested when appropriate.

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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
DECEMBER 1, 2015**