

**SPRINGFIELD TOWNSHIP  
RICHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008 - 2007**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Springfield Township  
P.O. Box 133  
Ontario, Ohio 44862

We have reviewed the *Independent Accountants' Report* of Springfield Township, Richland County, prepared by Knox & Knox, for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 17, 2009

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SPRINGFIELD TOWNSHIP  
RICHLAND COUNTY

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# KNOX & KNOX

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Accountants and Consultants

## Independent Accountants' Report

Springfield Township  
Richland County  
P.O. Box 133  
Ontario, Ohio 44862

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates, if any, made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared its financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. In addition to the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Springfield Township, Richland County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

***Knox & Knox***

Orrville, Ohio  
August 13, 2009



SPRINGFIELD TOWNSHIP  
RICHLAND COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>CASH RECEIPTS:</b>			
Local Taxes	\$75,766	\$1,777,659	\$1,853,425
Intergovernmental	142,073	545,725	687,798
Licenses, Fees, and Permits	1,390	11,251	12,641
Earnings on Investments	206,866	9,436	216,302
Special Assessments		8,996	8,996
Other Revenues		2,453	2,453
	<u>426,095</u>	<u>2,355,520</u>	<u>2,781,615</u>
<b>CASH DISBURSEMENTS</b>			
Current:			
General Government	198,703		198,703
Public Works	1,851	408,814	410,665
Public Safety Services		1,532,087	1,532,087
Health		799	799
Capital Outlay	<u>4,724</u>	<u>331,404</u>	<u>336,128</u>
	<u>205,278</u>	<u>2,273,104</u>	<u>2,478,382</u>
Total Cash Receipts Over/(Under) Cash Disbursements	220,817	82,416	303,233
<b>OTHER FINANCING RECEIPTS/(DISBURSEMENTS</b>			
Transfers-In		50,238	50,238
Transfers-Out	<u>(50,238)</u>	<u>                    </u>	<u>(50,238)</u>
	<u>(50,238)</u>	<u>50,238</u>	<u>                    </u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	170,579	132,654	303,233
Cash Fund Balances, January 1	<u>2,009,320</u>	<u>3,635,640</u>	<u>5,644,960</u>
<b>CASH FUND BALANCES, DECEMBER 31</b>	<u><u>\$2,179,899</u></u>	<u><u>\$3,768,294</u></u>	<u><u>\$5,948,193</u></u>

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

SPRINGFIELD TOWNSHIP  
RICHLAND COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>CASH RECEIPTS:</b>			
Local Taxes	\$77,408	\$1,895,690	\$1,973,098
Intergovernmental	162,747	452,429	615,176
Licenses, Fees, and Permits	1,130	11,400	12,530
Earnings on Investments	221,310	9,645	230,955
Special Assessments		5,386	5,386
Other Revenues		2,445	2,445
Total Cash Receipts	462,595	2,376,995	2,839,590
<b>CASH DISBURSEMENTS</b>			
Current:			
General Government	169,508		169,508
Public Works	1,784	350,464	352,248
Public Safety Services		1,405,931	1,405,931
Health		2,328	2,328
Capital Outlay	168,680	171,597	340,277
Total Cash Disbursements	339,972	1,930,320	2,270,292
Total Cash Receipts Over/(Under) Cash Disbursements	122,623	446,675	569,298
Cash Fund Balances, January 1	1,886,697	3,188,965	5,075,662
<b>CASH FUND BALANCES, DECEMBER 31</b>	<b>\$2,009,320</b>	<b>\$3,635,640</b>	<b>\$5,644,960</b>

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

SPRINGFIELD TOWNSHIP  
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE ENTITY**

Springfield Township, Richland County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road maintenance, fire protection and emergency medical services.

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

B. **BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. **CASH AND INVESTMENTS**

Cash consists of demand deposits. Certificates of deposit are valued at cost and recorded as disbursements when acquired and receipts when sold.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. **Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

*Fire District Fund* - This fund receives monies from a special levy for providing fire protection and emergency medical services

SPRINGFIELD TOWNSHIP  
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

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

D. **FUND ACCOUNTING** (Continued)

2. **Special Revenue Funds** (continued)

*Fire Equipment Levy Fund*- The fund receives monies from a special levy for purchasing equipment that is needed for the fire department.

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 department, division or office level of control, and within each the amount appropriated for personal services. 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 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.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. **PROPERTY, PLANT AND EQUIPMENT**

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

G. **ACCUMULATED LEAVE**

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

SPRINGFIELD TOWNSHIP  
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

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

The Township maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash and certificates of deposit at December 31 was as follows:

	2008	2007
Demand deposits	\$4,802,196	\$4,546,529
Certificates of deposit	1,145,997	1,098,431
Total deposits and investments	<u>\$5,948,193</u>	<u>\$5,644,960</u>

Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2008 and 2007, follows:

Fund Type	2008 Budgeted vs. Actual Receipts		
	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$302,660	\$426,095	\$123,435
Special Revenue	2,193,617	2,405,758	212,141
Total	<u>\$2,496,277</u>	<u>\$2,831,853</u>	<u>\$335,576</u>

Fund Type	2008 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$2,311,979	\$255,516	\$2,056,463
Special Revenue	5,829,257	2,273,104	3,556,153
Total	<u>\$8,141,236</u>	<u>\$2,528,620</u>	<u>\$5,612,616</u>

Fund Type	2007 Budgeted vs. Actual Receipts		
	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$325,100	\$462,595	\$137,495
Special Revenue	1,992,027	2,376,995	384,968
Total	<u>\$2,317,127</u>	<u>\$2,839,590</u>	<u>\$522,463</u>

Fund Type	2007 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$1,961,664	\$339,972	\$1,621,692
Special Revenue	5,169,620	1,930,320	3,239,300
Total	<u>\$7,131,284</u>	<u>\$2,270,292</u>	<u>\$4,860,992</u>

SPRINGFIELD TOWNSHIP  
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments for 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.

Tangible personal property tax is assessed by the property owner, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEM**

The Township's employees belong to the Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, members contributed 10% and 9.5% of their gross salaries, respectively. The Township contributed an amount equal to 14% (2008) and 13.75% (2007) of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**6. RISK MANAGEMENT**

The Township belongs to 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 over 550 governments (Members).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except the plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,00 of property losses. Individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

SPRINGFIELD TOWNSHIP  
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

**6. RISK MANAGEMENT** (continued)

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, 2007 and 2006 (the latest information available):

	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Member's Equity	\$6,862,902	\$6,290,528

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

**7. CONTINGENT LIABILITIES**

Amount grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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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Accountants and Consultants

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL  
AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Springfield Township  
Richland County  
P.O. Box 133  
Ontario, Ohio 44862

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Richland County, Ohio (the Board) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 13, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Township's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we noted other matters that we reported to the Township's management in a separate letter dated August 13, 2009.

COMPLIANCE AND OTHER MATTERS

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

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

KNOX & KNOX

Orrville, Ohio  
August 13, 2009

SPRINGFIELD TOWNSHIP  
RICHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-01	Funds were not adequately collateralized	Yes	Finding is no longer valid.





**Mary Taylor, CPA**  
Auditor of State

**SPRINGFIELD TOWNSHIP**

**RICHLAND 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  
SEPTEMBER 29, 2009**