

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2010 and 2009

BRUCE BOYCE, FISCAL OFFICER



Dave Yost • Auditor of State

Board of Trustees
Springfield Township
P.O. Box 133
Ontario, Ohio 43070

We have reviewed the *Independent Auditor's Report* of Springfield Township, Richland County, prepared by Julian & Grube, Inc., for the audit period January 1, 2009 through December 31, 2010. 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

July 14, 2011

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**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Springfield Township
Richland County, Ohio
P.O. Box 133
Ontario, Ohio 43070

We have audited the accompanying financial statements of Springfield Township, Richland County, Ohio, as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of Springfield 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, Springfield Township has prepared these 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 GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the larger (i.e. major) funds separately. While Springfield Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Springfield Township to reformat their statements. Springfield Township has elected not to follow GAAP statement reformatting 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.

Independent Auditor's Report
Springfield Township
Page 2

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, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Springfield Township as of December 31, 2010 and 2009, 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 combined fund cash balances of Springfield Township, Richland County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the accounting basis Note 2 describes.

Springfield 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 May 20, 2011, on our consideration of Springfield Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.
May 20, 2011

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2010 AND 2009

<u>Cash and Cash Equivalents</u>	<u>2010</u>	<u>2009</u>
Cash and Cash Equivalents	\$ 6,342,360	\$ 6,157,794
Total Cash and Cash Equivalents	<u>\$ 6,342,360</u>	<u>\$ 6,157,794</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General	\$ 2,300,396	\$ 2,310,093
Special Revenue Funds	<u>4,041,964</u>	<u>3,847,701</u>
Total Governmental Fund Types	<u>6,342,360</u>	<u>6,157,794</u>
Total Fund Balances	<u>\$ 6,342,360</u>	<u>\$ 6,157,794</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and local taxes	\$ 56,533	\$ 1,452,085	\$ 1,508,618
Intergovernmental	52,256	729,816	782,072
Special assessments	-	2,466	2,466
Charges for services	-	356,989	356,989
Licenses, permits and fees	720	-	720
Interest	19,162	2,089	21,251
Other local grants	66,666	-	66,666
Miscellaneous	2,960	14,632	17,592
Total cash receipts	<u>198,297</u>	<u>2,558,077</u>	<u>2,756,374</u>
Cash disbursements:			
Current:			
Public safety	-	1,813,268	1,813,268
Public works	1,774	276,009	277,783
Health	2,597	623	3,220
General government	214,025	-	214,025
Capital outlay	7,800	275,712	283,512
Total cash disbursements	<u>226,196</u>	<u>2,365,612</u>	<u>2,591,808</u>
Total cash receipts over/(under) cash disbursements	<u>(27,899)</u>	<u>192,465</u>	<u>164,566</u>
Other financing receipts/(disbursements)			
Operating transfers in	-	92,229	92,229
Operating transfers out	(1,798)	(90,431)	(92,229)
Other sources	20,000	-	20,000
Total other financing receipts/(disbursements)	<u>18,202</u>	<u>1,798</u>	<u>20,000</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(9,697)	194,263	184,566
Cash fund balances, January 1, 2010	<u>2,310,093</u>	<u>3,847,701</u>	<u>6,157,794</u>
Cash fund balances, December 31, 2010	<u>\$ 2,300,396</u>	<u>\$ 4,041,964</u>	<u>\$ 6,342,360</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

Fund Types	Receipts					Prior Year Carryover Appropriations	2010 Appropriations	Total	Actual 2010 Disbursements	Encumbrances Outstanding at 12/31/10	Total	Variance Favorable (Unfavorable)
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2010 Receipts	Variance Favorable (Unfavorable)							
Governmental:												
General	\$ 2,310,093	\$ 122,030	\$ 2,432,123	\$ 218,297	\$ 96,267	\$ -	\$ 2,432,122	\$ 2,432,122	\$ 227,994	\$ 666	\$ 228,660	\$ 2,203,462
Special Revenue	<u>3,761,961</u>	<u>2,140,030</u>	<u>5,901,991</u>	<u>2,650,306</u>	<u>510,276</u>	<u>85,740</u>	<u>5,901,987</u>	<u>5,987,727</u>	<u>2,456,043</u>	<u>7,197</u>	<u>2,463,240</u>	<u>3,524,487</u>
Total												
(Memorandum Only)	<u>\$ 6,072,054</u>	<u>\$ 2,262,060</u>	<u>\$ 8,334,114</u>	<u>\$ 2,868,603</u>	<u>\$ 606,543</u>	<u>\$ 85,740</u>	<u>\$ 8,334,109</u>	<u>\$ 8,419,849</u>	<u>\$ 2,684,037</u>	<u>\$ 7,863</u>	<u>\$ 2,691,900</u>	<u>\$ 5,727,949</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and local taxes	\$ 60,783	\$ 1,530,007	\$ 1,590,790
Intergovernmental	126,740	415,624	542,364
Special assessments	-	2,579	2,579
Charges for services	-	382,082	382,082
Licenses, permits and fees	815	-	815
Interest	159,777	4,163	163,940
Miscellaneous	393	21,408	21,801
Total cash receipts	<u>348,508</u>	<u>2,355,863</u>	<u>2,704,371</u>
Cash disbursements:			
Current:			
Public safety	-	1,722,611	1,722,611
Public works	1,922	319,694	321,616
Health	-	758	758
General government	185,853	-	185,853
Capital outlay	-	263,932	263,932
Total cash disbursements	<u>187,775</u>	<u>2,306,995</u>	<u>2,494,770</u>
Total cash receipts over/(under) cash disbursements	<u>160,733</u>	<u>48,868</u>	<u>209,601</u>
Other financing receipts/(disbursements)			
Operating transfers in	-	30,539	30,539
Operating transfers out	(30,539)	-	(30,539)
Total other financing receipts/(disbursements)	<u>(30,539)</u>	<u>30,539</u>	<u>-</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	130,194	79,407	209,601
Cash fund balances, January 1, 2009	<u>2,179,899</u>	<u>3,768,294</u>	<u>5,948,193</u>
Cash fund balances, December 31, 2009	<u>\$ 2,310,093</u>	<u>\$ 3,847,701</u>	<u>\$ 6,157,794</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009

Fund Types	Receipts					Prior Year Carryover Appropriations	2009 Appropriations	Total	Actual 2009 Disbursements	Encumbrances Outstanding at 12/31/09	Total	Variance Favorable (Unfavorable)
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2009 Receipts	Variance Favorable (Unfavorable)							
Governmental:												
General	\$ 2,179,899	\$ 274,786	\$ 2,454,685	\$ 348,508	\$ 73,722	\$ -	\$ 2,454,683	\$ 2,454,683	\$ 218,314	\$ -	\$ 218,314	\$ 2,236,369
Special Revenue	<u>3,768,294</u>	<u>2,233,180</u>	<u>6,001,474</u>	<u>2,386,402</u>	<u>153,222</u>	<u>-</u>	<u>5,998,319</u>	<u>5,998,319</u>	<u>2,306,995</u>	<u>85,740</u>	<u>2,392,735</u>	<u>3,605,584</u>
Total												
(Memorandum Only)	<u>\$ 5,948,193</u>	<u>\$ 2,507,966</u>	<u>\$ 8,456,159</u>	<u>\$ 2,734,910</u>	<u>\$ 226,944</u>	<u>\$ -</u>	<u>\$ 8,453,002</u>	<u>\$ 8,453,002</u>	<u>\$ 2,525,309</u>	<u>\$ 85,740</u>	<u>\$ 2,611,049</u>	<u>\$ 5,841,953</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 - 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Township’s accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The Township uses fund accounting to segregate cash and cash equivalents that are restricted as to use. Each fund is considered a separate accounting entity and the operations of each fund are accounted for with a separate set of self-balancing accounts. The Township classifies its funds into the following types:

Governmental Fund Types

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. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Fund Type

These funds are used to account for proceeds of specific revenue sources (other than from trusts or for capital projects) that are legally restricted to expenditure for specific purposes.

The Township had the following significant special revenue fund:

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

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Township's Board of Trustees.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances:

A part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Township had outstanding encumbrances at December 31, 2010 and December 31, 2009.

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Township totaled \$21,251 and \$163,940 for the years ended December 31, 2010 and 2009, respectively.

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as disbursements in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Township.

F. 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.

G. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township's cash basis method of accounting.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

I. INTERFUND TRANSACTIONS

During the course of normal operations, the Township had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Residual equity transfers are nonrecurring or non-routine transfers of equity between funds.

Transfers are intended to permanently reallocate money from one fund to another as authorized in the Ohio Revised Code Sections 5705.14 to 5705.16.

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

	2010	2009
Demand deposits	\$ 2,690,228	\$ 2,517,255
Certificates of deposit	2,280,574	2,937,115
Money market	1,371,558	703,424
 Total deposits	 \$ 6,342,360	 \$ 6,157,794

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

NOTE 4 - COMPLIANCE

The Township did not properly certify disbursements in accordance with Ohio Revised Code Section 5705.41(D) in 2010 and 2009.

NOTE 5 - INTERFUND TRANSACTIONS

The Township had the following interfund transactions for the years ended December 31, 2010 and 2009:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>2010:</u>		
General	\$ -	\$ 1,798
<u>Special Revenue Fund Type:</u>		
Fire District	91,746	-
Fire Equipment Levy	483	-
FEMA	-	90,431
Total	\$ 92,229	\$ 92,229

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 5 - INTERFUND TRANSACATIONS - (Continued)

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>2009:</u>		
General	\$ -	\$ 30,539
<u>Special Revenue Fund Type:</u>		
Fire District	24,826	-
Fire Equipment Levy	5,713	-
Total	<u>\$ 30,539</u>	<u>\$ 30,539</u>

NOTE 6 - 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. 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, the first half is due December 31. The second half payment is due on the following June 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Township due to the phasing out of the tax. In calendar years 2006-2010, the Township will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 7 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The Township entered into a capitalized lease for an aerial ladder truck in a prior year. The accompanying principal and interest payments for the aerial ladder truck are recognized in the Fire Equipment Levy special revenue fund capital outlay line in the amount of \$78,079 for both 2010 and 2009.

The lease meets the criteria of a capital lease as defined by the Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Future lease payments are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Aerial</u> <u>Ladder Truck</u>
2011	\$ 78,079
2012	<u>78,079</u>
Total minimum lease payments	156,158
Less: amount representing interest	<u>(8,484)</u>
Present value of minimum lease payments	<u>\$ 147,674</u>

NOTE 8 - RETIREMENT SYSTEMS

The Township's certified firefighters 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. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For both 2010 and 2009, OP&F participants contributed 10% of their gross salaries and the Township contributed an amount equal to 24% of full-time firefighter's gross salaries. For both 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participant's gross salaries. The Township has paid all contributions required through December 31, 2010.

NOTE 9 - RISK MANAGEMENT

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

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 9 - RISK MANAGEMENT - (Continued)

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. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), 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 retain 15% 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 over 650 members as of December 31, 2008. The Township participates in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Township does not participate in this coverage.

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: 2009 and 2008 (the latest information available), and include amounts for both OPRM and OPHC:

	2009	2008
Assets	\$ 11,176,186	\$ 10,471,114
Liabilities	<u>(4,852,485)</u>	<u>(5,286,781)</u>
Members' Equity	<u>\$ 6,323,701</u>	<u>\$ 5,184,333</u>

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 9 - RISK MANAGEMENT - (Continued)

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

NOTE 10 - CONTINGENT LIABILITIES

The Township is not currently involved in litigation.



Julian & Grube, Inc.
Serving Ohio Local Governments

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**Independent Accountants' 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***

Springfield Township
Richland County, Ohio
P.O. Box 133
Ontario, Ohio 43070

We have audited the financial statements of Springfield Township, Richland County, Ohio, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 20, 2011, wherein we noted that Springfield Township followed accounting practices the Auditor of State prescribes or permits 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Springfield Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of Springfield Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of Springfield Township's internal control over financial reporting.

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 combination of deficiencies in internal control such that there is a reasonable possibility that material financial misstatements will not be prevented, or detected and timely corrected.

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 deficiencies in internal control that might be deficiencies, 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 identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-ST-001 to be a significant deficiency. 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.

Board of Trustees
Springfield Township

Compliance and Other Matters

As part of reasonably assuring whether Springfield Township's financial statements are free of material misstatements, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2010-ST-001.

Springfield Township's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Springfield Township's response and, accordingly, we express no opinion on it.

This report is intended for the information of the Board of Trustees and management of Springfield Township. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
May 20, 2011

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2010-ST-001

Noncompliance/Significant Deficiency

Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. In addition, controls over disbursements should be established to ensure prior authorization for the disbursements of funds.

For the years ended December 31, 2010 and 2009, 34% and 31%, respectively, of expenditures tested were not certified in a timely manner.

Without timely certification, the Township may expend more funds than available in the treasury, or in the process of collection, or appropriated. This may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection and or a "Then & Now" certification is approved on the purchase order.

Client Response: The Township will attempt to utilize the fiscal officer certificate system as required by the Ohio Revised Code.



Dave Yost • 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
JULY 26, 2011**