



**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental and Expendable Trust Fund Types For the Year Ended December 31, 1999	3
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

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REPORT OF INDEPENDENT ACCOUNTANTS

Springfield Township
Summit County
2459 Canfield Road
Akron, Ohio 44312

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Summit County, Ohio, (the Township) as of and for the year ended December 31, 1999. 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 generally accepted auditing standards 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 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 discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 1999, and its combined cash receipts and cash disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2000 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 grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under §117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 4, 2000

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**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL AND EXPENDABLE TRUST FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only) Total
Cash receipts:						
Local taxes	\$322,309	\$2,273,512	\$78,357			\$2,674,178
Intergovernmental	731,923	731,264				1,463,187
Charges for services		348,867				348,867
Licenses, permits and fees	102,749	16				102,765
Fines, forfeitures, and penalties	31,434				\$3,282	34,716
Earnings on investments	240,740	297				241,037
Other revenue	21,376	51,314			33,342	106,032
Total cash receipts	1,450,531	3,405,270	78,357		36,624	4,970,782
Cash disbursements:						
Current:						
General government	604,094					604,094
Public safety	64,497	2,414,348				2,478,845
Public works	63,694	655,545				719,239
Health	4,145					4,145
Human services		369				369
Conservation - recreation	38,845					38,845
Miscellaneous		327,066				327,066
Capital outlay		61,089		\$114,762		175,851
Debt service						
Redemption of principal			71,480			71,480
Interest and fiscal charges			6,844			6,844
Total cash disbursements	775,275	3,458,417	78,324	114,762		4,426,778
Total cash receipts over/(under) cash disbursements	675,256	(53,147)	33	(114,762)	36,624	544,004
Other financing receipts/(disbursements):						
Transfers-in		129,316		541,980		671,296
Transfers-out	(671,296)					(671,296)
Other uses					(41,149)	(41,149)
Total other financing receipts/(disbursements)	(671,296)	129,316		541,980	(41,149)	(41,149)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	3,960	76,169	33	427,218	(4,525)	502,855
Fund cash balances January 1	761,825	1,633,313		2,066,495	10,482	4,472,115
Fund cash balances, December 31	\$765,785	\$1,709,482	\$33	\$2,493,713	\$5,957	\$4,974,970
Reserve for encumbrances, December 31	\$15,680	\$147,825		\$31,355		\$194,860

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

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the entity

Springfield Township, Summit County, (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 and bridge maintenance, cemetery 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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. The investment in an overnight repurchase agreement is valued at cost.

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 had the following significant Special Revenue Funds:

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
Continued

Police District Fund - This fund receives local property tax money for the general operation of the police department.

Fire District Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

EMS Special Levy Fund - This fund is used to pay principal and interest due on a note issued to subsidize the Emergency Medical Services Fund.

3. Debt Service Funds

The Debt Service funds are used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Funds:

EMS Note Retirement Fund - This fund is used to pay principal and interest due on two separate notes issued for the purchase of ambulance/emergency medical equipment.

Road Note Retirement Fund - This fund was used to pay principal and interest due on a note issued for the purchase of Road Department equipment.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Township had the following significant Capital Project Funds:

Capital Improvement Fund - This fund receives funds transferred from the General Fund and is used to account for infrastructure projects.

Capital Equipment Fund - This fund receives fund transferred from the General Fund and is used to account for equipment purchases.

5. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Escrow Fund -This fund is used to account for bond monies held in escrow in accordance with contracts issued for construction and rehabilitation projects.

E. Budgetary process

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

Appropriations

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
Continued

Estimated Resources

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

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 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments 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:

	<u>1999</u>
Demand deposits	(\$92,322)
Investments	
Repurchase agreement	1,310,000
Star Ohio	<u>3,757,292</u>
Total investments	<u>5,067,292</u>
Total deposits and investments	<u>\$4,974,970</u>

Deposits:

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

The negative demand deposit balance is covered by resources that are available by the overnight repurchase agreement.

Investments:

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
Continued**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,253,820	\$1,450,531	\$196,711
Special Revenue	3,867,536	3,534,586	(332,950)
Debt Service	78,357	78,357	0
Capital Projects	230,000	541,980	311,980
Expendable Trust	<u>34,184</u>	<u>36,624</u>	<u>2,440</u>
Total	<u>\$5,463,897</u>	<u>\$5,642,078</u>	<u>\$178,181</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,708,055	\$1,462,251	\$245,804
Special Revenue	4,337,597	3,779,095	558,502
Debt Service	78,357	78,324	33
Capital Projects	1,756,580	146,117	1,610,463
Expendable Trust	<u>42,842</u>	<u>41,149</u>	<u>1,693</u>
Total	<u>\$7,923,431</u>	<u>\$5,506,936</u>	<u>\$2,416,495</u>

4. NONCOMPLIANCE

The Township invested in repurchase agreements without the Clerk attending the required continuing education courses, contrary to Ohio Rev. Code Section 135.22.

5. 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, the first half is due December 31. The second half payment is due the following June 20.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
Continued

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

Tangible personal property tax is assessed by the property owners, 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.

6. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1995 EMS/Ambulance Note	\$40,000	4.60%
1998 EMS/Ambulance Note	<u>30,000</u>	4.43%
Total	<u>\$70,000</u>	

These notes were issued to finance the purchase of ambulance and emergency medical services vehicles and equipment. The notes are collateralized solely by the Township's taxing authority.

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

<u>Year ending</u> <u>December 31:</u>	1995 EMSAmbulance <u>Note</u>	1998 EMS/Ambulance <u>Note</u>
2000	\$41,840	\$16,329
2001	<u>0</u>	<u>15,665</u>
Total	<u>\$41,840</u>	<u>\$31,994</u>

7. RETIREMENT SYSTEMS

The Township's law enforcement staff and full-time firefighters belong to the Police & Firemen's Disability & Pension Fund (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55 % of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1999

Continued

8. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicles
- Buildings

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

9. CONTINGENT LIABILITIES

The Township is defendant in two lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially or adversely affect the Township's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

10. JOINT VENTURE

The Township is a member of a Joint Economic District (JEDD) with the City of Akron. The City of Akron provides city services to businesses and residents within the District and subsequently is permitted to collect income tax on those businesses and residents. At the same time, the JEDD prevents the annexation of Township property by the City and maintains the Township's property tax base.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Springfield Township
Summit County
2459 Canfield Road
Akron, Ohio 44312

To the Board of Trustees:

We have audited the financial statements of Springfield Township, Summit County, Ohio, (the Township) as of and for the year ended December 31, 1999 and have issued our report thereon dated February 4, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* is described in the accompanying Schedule of Findings as item 1999-40977-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 4, 2000.

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 4, 2000

**Schedule of Findings
December 31, 1999**

Finding Number	1999-40977-001
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Ohio Rev. Code Section 135.22 requires the Clerk to complete annual continuing education programs provided by the Treasurer of State. Without such training, the Clerk is limited to investments in interim deposits and STAR Ohio.

The Clerk did not attend and/or complete any annual continuing education programs provided by the Treasurer of State during 1999 and still invested funds in repurchase agreements, and at year end, roughly 26% of the Township's funds were invested in repurchase agreements. The Clerk should either attend the required continuing education programs or limit the Township's investments to those permitted by law without training. Township Trustees should monitor the Township Clerk to ensure the Township Clerk completes the annual continuing education programs as required by Ohio Rev. Code Section 135.22.



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SPRINGFIELD TOWNSHIP

SUMMIT 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
MARCH 30, 2000**