



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Springfield Township
Ross County
79 Lakewood Drive
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Ross County, Ohio (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. 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 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Springfield Township, Ross County, Ohio as of December 31, 2001 and December 31, 2000 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

June 28, 2002

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non Expendable Trust</u>	
Cash Receipts:						
Local Taxes	\$ 26,218	\$ 134,932	\$ 30,077	\$ -	\$ -	\$ 191,227
Intergovernmental	63,963	90,375	-	59,700	-	214,038
Licenses, Permits, and Fees	-	10	-	-	-	10
Earnings on Investments	6,644	503	-	-	81	7,228
Other Receipts	5,091	1,497	-	-	-	6,588
	<u>101,916</u>	<u>227,317</u>	<u>30,077</u>	<u>59,700</u>	<u>81</u>	<u>419,091</u>
Total Cash Receipts						
	<u>101,916</u>	<u>227,317</u>	<u>30,077</u>	<u>59,700</u>	<u>81</u>	<u>419,091</u>
Cash Disbursements:						
General Government	53,771	45,060	-	-	-	98,831
Public Safety	-	798	-	-	-	798
Public Works	23,238	129,773	-	-	-	153,011
Health	2,375	300	-	-	-	2,675
Debt Service:						
Redemption of Principal	-	11,000	26,556	-	-	37,556
Interest and Fiscal Charges	-	1,012	6,477	-	-	7,489
Capital Outlay	3,700	44,968	-	59,700	-	108,368
	<u>83,084</u>	<u>232,911</u>	<u>33,033</u>	<u>59,700</u>	<u>-</u>	<u>408,728</u>
Total Cash Disbursements						
	<u>83,084</u>	<u>232,911</u>	<u>33,033</u>	<u>59,700</u>	<u>-</u>	<u>408,728</u>
Total Receipts Over/(Under) Disbursements	18,832	(5,594)	(2,956)	-	81	10,363
Fund Cash Balances, January 1	25,222	110,740	4,944	-	1,619	142,525
Fund Cash Balances, December 31	<u>\$ 44,054</u>	<u>\$ 105,146</u>	<u>\$ 1,988</u>	<u>\$ -</u>	<u>\$ 1,700</u>	<u>\$ 152,888</u>

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

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON EXPENDABLE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non Expendable Trust	
Cash Receipts:						
Local Taxes	\$ 25,787	\$ 124,246	\$ 36,577	\$ -	\$ -	\$ 186,610
Intergovernmental	63,193	84,273	-	156,848	-	304,314
Earnings on Investments	5,923	418	-	-	58	6,399
Other Receipts	714	40,852	-	-	-	41,566
Total Cash Receipts	95,617	249,789	36,577	156,848	58	538,889
Cash Disbursements:						
General Government	53,417	48,358	-	-	-	101,775
Public Safety	-	450	-	-	-	450
Public Works	61,064	142,132	-	-	-	203,196
Health	2,375	50	-	-	-	2,425
Redemption of Principal	-	-	26,556	-	-	26,556
Interest and Fiscal Charges	-	-	6,692	-	-	6,692
Capital Outlay	-	123,778	-	156,848	-	280,626
Total Cash Disbursements	116,856	314,768	33,248	156,848	-	621,720
Total Receipts Over/(Under) Disbursements	(21,239)	(64,979)	3,329	-	58	(82,831)
Other Financing Receipts and (Disbursements):						
Proceeds from Sale of Public Debt:						
Sale of Notes	-	99,000	-	-	-	99,000
Transfers-In	-	24,235	-	-	-	24,235
Transfers-Out	(24,235)	-	-	-	-	(24,235)
Total Other Financing Receipts/(Disbursements)	(24,235)	123,235	-	-	-	99,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(45,474)	58,256	3,329	-	58	16,169
Fund Cash Balances, January 1	70,696	52,484	1,615	-	1,561	126,356
Fund Cash Balances, December 31	\$ 25,222	\$ 110,740	\$ 4,944	\$ -	\$ 1,619	\$ 142,525

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

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Springfield Township, Ross 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 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 Certificate of deposit 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:

Special Fire Levy - This fund receives special levy tax money to cover the cost of fire and EMS protection and pay related debt for equipment purchases incurred to provide these services.

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Fund:

General Note Retirement- This fund receives tax money to retire debt that has been incurred by the Township that is not paid from other funds.

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 enterprise or trust funds). The Township had the following significant Capital Projects Fund:

CDBG Grant- The Township received a grant from the State of Ohio to resurface True Hollow Road.

Permanent Improvement Fund- The Township received Issue II and the Ohio Public Works Commission grants for the reconstruction of Graves Road and resurfacing of Township roads.

5. Fiduciary Funds (Trust Fund)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund- This fund receives money to be in a non-expendable trust by the Township with earnings to be used for the upkeep and/or improvements to the cemeteries in the Township.

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 object level of control, and appropriations may not exceed estimated

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations (Continued)

resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2001 and 2000 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. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds, except the non-expendable trust fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2001	2000
Demand deposits	\$151,358	\$140,906
Certificates of deposit	1,530	1,619
Total deposits	152,888	142,525

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

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$86,759	\$101,916	\$15,157
Special Revenue	220,264	227,317	7,053
Debt Service	35,022	30,077	(4,945)
Capital Projects	59,700	59,700	0
Fiduciary	71	81	10
Total	<u>\$401,816</u>	<u>\$419,091</u>	<u>\$17,275</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$110,774	\$83,084	\$27,690
Special Revenue	331,004	232,911	98,093
Debt Service	35,022	33,033	1,989
Capital Projects	59,700	59,700	0
Fiduciary	170	0	170
Total	<u>\$536,670</u>	<u>\$408,728</u>	<u>\$127,942</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,324	\$95,617	\$1,293
Special Revenue	371,769	373,024	1,255
Debt Service	36,577	36,577	0
Capital Projects	18,310	156,848	138,538
Fiduciary	0	58	58
Total	<u>\$520,980</u>	<u>\$662,124</u>	<u>\$141,144</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$165,066	\$141,091	\$23,975
Special Revenue	420,754	314,768	105,986
Debt Service	36,577	33,248	3,329
Capital Projects	156,848	156,848	0
Total	<u>\$779,245</u>	<u>\$645,955</u>	<u>\$133,290</u>

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

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.

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes-Building	\$11,111	6%
General Obligation Notes-Backhoe	\$30,000	5%
General Obligation Notes- Fire Truck	66,000	6%
Total	<u>\$107,111</u>	

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

	<u>General Obligation Note- Building</u>	<u>General Obligation Note- Backhoe</u>	<u>General Obligation Note- Fire Truck</u>
Year ending December 31:			
2002	\$6,222	\$11,545	\$0
2003	5,889	11,030	14,927
2004	0	10,516	14,281
2005	0	0	13,618
2006	0	0	12,964
2007-2010	0	0	23,965
Total	<u>\$12,111</u>	<u>\$33,091</u>	<u>\$79,755</u>

On February 28, 2000, the Township issued Notes totaling \$99,000 to purchase a new fire truck. The Township is to pay annual installments in the amount \$11,000 plus scheduled interest through February, 2008. The Notes are to be retired with the fire levy tax assessments collected. As of December 31, 2001, the Township had made the required February, 2002 installment payment plus scheduled interest.

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT (Continued)

On August 31, 1999, the Township issued a \$50,000 Note for the purchase of a back-hoe. The Township is to pay \$10,000, plus scheduled interest through April, 2003. The Township has committed general resources for the payment of the debt.

On December 5, 1995, the Township issued a Note for \$50,000 for the purchase of a town hall. The Township is required to pay annual installment of \$5,556 plus scheduled interest through December 31, 2003. The Township has committed general resources to pay this debt.

6. RETIREMENT SYSTEMS

Employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK MANAGEMENT

primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Springfield Township
Ross County
79 Lakewood Drive
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Ross County, Ohio (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 28, 2002. 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.

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 no instance of noncompliance that is required to be reported under *Government Auditing*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 28, 2002.

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 did not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 28, 2002.

Springfield Township
Ross County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

JIM PETRO
Auditor of State

June 28, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

SPRINGFIELD TOWNSHIP

ROSS 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
AUGUST 22, 2002**