



Auditor of State
Betty Montgomery

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY**

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**Auditor of State
Betty Montgomery**

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, 2002 and 2001. 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 audits.

We conducted our audits 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 audits 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 audits provide 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, 2002 and 2001, 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 March 17, 2003, 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 audits.

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 17, 2003

**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, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$57,774	\$1,560,701	\$1,618,475
Intergovernmental	37,895	199,896	237,791
Special Assessments		1,692	1,692
Licenses, Permits, and Fees	1,680		1,680
Earnings on Investments	78,496	6,003	84,499
Other Revenue	19,083	14,710	33,793
Total Cash Receipts	<u>194,928</u>	<u>1,783,002</u>	<u>1,977,930</u>
Cash Disbursements:			
Current:			
General Government	92,536		92,536
Public Safety		764,246	764,246
Public Works	1,333	195,045	196,378
Health		2,450	2,450
Capital Outlay		390,719	390,719
Total Cash Disbursements	<u>93,869</u>	<u>1,352,460</u>	<u>1,446,329</u>
Total Receipts Over Disbursements	101,059	430,542	531,601
Other Financing Receipts:			
Sale of Fixed Assets	2,071		2,071
Excess of Receipts and Other Financing Receipts Over Disbursements	103,130	430,542	533,672
Fund Cash Balances, January 1	697,397	1,605,443	2,302,840
Fund Cash Balances, December 31	<u>\$800,527</u>	<u>\$2,035,985</u>	<u>\$2,836,512</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$58,000</u>	<u>\$58,000</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, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$64,371	\$1,047,820	\$1,112,191
Intergovernmental	154,069	138,918	292,987
Special Assessments		1,890	1,890
Licenses, Permits, and Fees	2,105		2,105
Earnings on Investments	91,284	6,614	97,898
Other Revenue	10,562	15,807	26,369
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	322,391	1,211,049	1,533,440
Cash Disbursements:			
Current:			
General Government	91,156		91,156
Public Safety		581,613	581,613
Public Works	1,131	221,898	223,029
Health		2,303	2,303
Capital Outlay	339,334	357,932	697,266
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	431,621	1,163,746	1,595,367
Total Receipts (Under)/Over Disbursements	(109,230)	47,303	(61,927)
Other Financing Receipts:			
Sale of Fixed Assets	147,082		147,082
	<hr/>	<hr/>	<hr/>
Excess of Receipts and Other Financing Receipts Over Disbursements	37,852	47,303	85,155
Fund Cash Balances, January 1	659,545	1,558,140	2,217,685
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Fund Cash Balances, December 31	\$697,397	\$1,605,443	\$2,302,840
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Reserves for Encumbrances, December 31	\$0	\$0	\$0
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The notes to the financial statements are an integral part of this statement.

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

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 government 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

Certificates of deposits are valued at cost. The Township has no investments.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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.

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

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the appropriation measure 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 unencumbered 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 carried over, and need not be reappropriated.

A summary of 2002 and 2001 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
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH

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

	2002	2001
Demand deposits	\$2,836,512	\$2,052,840
Certificates of deposit		250,000
Total deposits	\$2,836,512	\$2,302,840

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

At December 31, 2001, \$239,522 of deposits were not insured or collateralized, contrary to Ohio Revised Code Section 135.18.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$144,116	\$196,999	\$52,883
Special Revenue	1,682,315	1,783,002	100,687
Total	\$1,826,431	\$1,980,001	\$153,570

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$864,000	\$93,869	\$770,131
Special Revenue	3,188,654	1,410,460	1,778,194
Total	\$4,052,654	\$1,504,329	\$2,548,325

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$156,000	\$469,473	\$313,473
Special Revenue	1,039,920	1,211,049	171,129
Total	\$1,195,920	\$1,680,522	\$484,602

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$815,545	\$431,621	\$383,924
Special Revenue	2,570,000	1,163,746	1,406,254
Total	\$3,385,545	\$1,595,367	\$1,790,178

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

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.

5. RETIREMENT SYSTEMS

The Township's full-time Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other full-time 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 postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated, non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed 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 uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

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

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. 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.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
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 Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 17, 2003. We conducted our audits 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2002-40570-001 and 2002-40570-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 17, 2003.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 17, 2003.

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Springfield Township
Richland County
Independent Accountants' 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 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 that reads "Betty Montgomery". The signature is written in a cursive style with a large initial "B".

Betty Montgomery
Auditor of State

March 17, 2003

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-40570-001

Noncompliance Citation

Ohio Rev. Code Section 505.24 requires that the Township Trustees shall be paid from the township general fund or from such other township funds in such proportions as the board may specify by resolution. This means the salary resolution must allocate the salary distribution to various funds in the same proportion as the trustees' services bear to the activities supported by such funds, as determined by the Board.

During our audits, we noted that the Township Trustees were paid a combined total of \$32,415 in 2002 and \$28,848 in 2001. For 2001, 100 percent of the Township Trustees' salaries were paid from the Road and Bridge Fund. For 2002, 25 percent of the Township Trustees' salaries were paid from the Road and Bridge Fund and 75 percent were paid from the General Fund. There was no resolution in effect which indicated that Trustees' salaries should be paid from any fund other than the General Fund, and no evidence was provided to indicate 100 percent of the Trustees' time was devoted to activities supported by the Road and Bridge Fund. However, on March 17, 2003, the Board of Trustees passed a resolution retroactive to January 1, 2001, which allowed one-fourth of the Township Trustees' salaries to be paid from the Road and Bridge Fund, based on the estimated level of service provided by the Trustees during the audit period. Based on this percentage, a combined total of \$21,636 in 2001 should have been paid from the General Fund.

In accordance with the foregoing facts, a Finding for Adjustment for public monies incorrectly expended is hereby issued against the General Fund and in favor of the Road and Bridge Fund, in the amount of \$21,636 as of December 31, 2002.

Although these adjustments are reflected in the accompanying financial statements, the Township did not record them in their books and records until after the audit period.

FINDING NUMBER 2002-40570-002

Noncompliance Citation

Ohio Rev. Code Section 135.18 requires the treasurer of any public subdivision to require all depositories holding public funds to provide security for those public funds in an amount equal to the amount of deposit with the institution at all times.

The Township had funds on deposit with a financial institution at December 31, 2001, in the amount of \$239,522, which was not collateralized. Total deposits at December 31, 2001 were \$2,339,522. To ensure public deposits are secured by either federal deposit insurance, surety company bonds, or pledged securities, the Clerk should require, by agreement, that the financial institution provide security for those public funds deposited. The Clerk should periodically review deposit and collateral amounts to determine whether the required collateral is being provided.

**SPRINGFIELD TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-40570-001	Funds were not adequately collateralized.	No	Not Corrected. Repeated as Finding Number 2002-40570-002.



**Auditor of State
Betty Montgomery**

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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
MAY 8, 2003**