



**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SPRINGFIELD TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Springfield Township
Gallia County
4629 State Route 850
Bidwell, Ohio 45614

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Gallia County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 Springfield Township, Gallia County, Ohio as of December 31, 1999 and 1998, 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 July 24, 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

July 24, 2000

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$23,746	\$29,323	\$	\$53,069
Intergovernmental	39,778	65,596		105,374
Earnings on Investments	6,638	1,698		8,336
Other Revenue	3,287	5,411		8,698
	<u>73,449</u>	<u>102,028</u>		<u>175,477</u>
Cash Disbursements:				
Current:				
General Government	60,388			60,388
Public Safety		17,006		17,006
Public Works		68,081		68,081
Health	2,870			2,870
	<u>63,258</u>	<u>85,087</u>		<u>148,345</u>
Total Receipts Over/(Under) Disbursements	<u>10,191</u>	<u>16,941</u>		<u>27,132</u>
Fund Cash Balances, January 1	<u>42,162</u>	<u>98,522</u>	<u>3,262</u>	<u>143,946</u>
Fund Cash Balances, December 31	<u>\$52,353</u>	<u>\$115,463</u>	<u>\$3,262</u>	<u>\$171,078</u>
Reserve for Encumbrances, December 31	<u>\$187</u>	<u>\$161</u>		<u>\$348</u>

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

**SPRINGFIELD TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$23,543	\$27,431	\$	\$50,974
Intergovernmental	20,110	64,242		84,352
Earnings on Investments	4,839	2,624		7,463
Other Revenue	4,261	1,545		5,806
	<u>52,753</u>	<u>95,842</u>		<u>148,595</u>
Cash Disbursements:				
Current:				
General Government	40,393			40,393
Public Safety		17,185		17,185
Public Works		59,405		59,405
Health	305	0		305
	<u>40,698</u>	<u>76,590</u>		<u>117,288</u>
Total Receipts Over/(Under) Disbursements	<u>12,055</u>	<u>19,252</u>		<u>31,307</u>
Fund Cash Balances, January 1	<u>30,107</u>	<u>79,270</u>	<u>3,262</u>	<u>112,639</u>
Fund Cash Balances, December 31	<u>\$42,162</u>	<u>\$98,522</u>	<u>\$3,262</u>	<u>\$143,946</u>
Reserve for Encumbrances, December 31	<u>\$20,117</u>	<u>\$31,514</u>		<u>\$51,631</u>

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

**SPRINGFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Springfield Township, Gallia 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, and fire protection. The Township contracts with the Village of Vinton and the Village of Rio Grande to provide fire 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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:

**SPRINGFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money 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.

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

Fire Fund - This fund receives tax monies assessed and levied on general assessed valuation of real and personal property taxes for the provision of fire protection services.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had only one debt service fund, in which there was no activity during the audit period.

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 appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 forward and need not be reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**SPRINGFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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>	<u>1998</u>
Demand deposits	(\$4,344)	\$5,818
Certificates of deposit	29,859	28,537
Total deposits	25,515	34,355
STAR Ohio	145,563	109,591
Total investments	145,563	109,591
Total deposits and investments	\$171,078	\$143,946

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,853	\$73,449	\$1,596
Special Revenue	91,739	102,028	10,289
Debt Service	0	0	0
Total	\$163,592	\$175,477	\$11,885

**SPRINGFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,347	\$63,445	(\$8,098)
Special Revenue	85,767	85,248	519
Debt Service	0	0	0
Total	<u>\$141,114</u>	<u>\$148,693</u>	<u>(\$7,579)</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,828	\$52,753	\$1,925
Special Revenue	87,700	95,842	8,142
Debt Service	0	0	0
Total	<u>\$138,528</u>	<u>\$148,595</u>	<u>\$10,067</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,600	\$60,815	\$512,785
Special Revenue	156,450	108,104	48,346
Debt Service	0	0	0
Total	<u>\$230,050</u>	<u>\$168,919</u>	<u>\$561,131</u>

At December 31, 1999 budgetary expenditures exceeded appropriations in the General Fund, Gasoline Tax Fund, and Motor Vehicle License Tax Fund in the amounts of \$8,098, \$3,592, and \$1,123 respectively. Additionally, the total budgetary expenditures at December 31, 1999 exceeded the total appropriations approved by the Board of Trustees and filed with the County Budget Commission in the amount of \$7,579.

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.

**SPRINGFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX (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.

5. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. 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. For 1999 and 1998, 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.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles
- Property

The Township also provides health insurance to the full-time employee and the elected officials through a private carrier.

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

Springfield Township
Gallia County
4629 State Route 850
Bidwell, Ohio 45614

To the Board of Trustees:

We have audited the financial statements of Springfield Township, Gallia County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 24, 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* which is described in the accompanying Schedule of Findings as item 1999-40727-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 24, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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. We noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-40727-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition listed above is not a material weakness. We also 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 July 24, 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.

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

Jim Petro
Auditor of State

July 24, 2000

**SPRINGFIELD TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40727-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision is to expend money unless it has been appropriated.

Budgetary expenditures exceeded appropriations in the following funds by the respective amounts listed below at December 31, 1999:

S	General Fund	\$8,098
S	Gasoline Tax Fund	3,592
S	Motor Vehicle License Tax Fund	1,123

Additionally, the total budgetary expenditures exceeded the total appropriations, as approved by the Board of Trustees and filed with the Budget Commission, in the amount of \$7,579. Further, the Clerk did not consistently distribute budgetary reports to the Board which would allow the effective monitoring of the budgetary position of the Township. More effective monitoring by the Clerk and the Board of Trustees could prevent such violations from occurring.

We recommend that the Clerk prepare monthly budgetary reports and present them to the Board of Trustees for their review and approval at the monthly meetings. We further recommend that the Township's expenditures not exceed the total appropriations as approved by the Board of Trustees.

FINDING NUMBER 1999-40727-002

Reportable Condition

Audit Adjustments

Audit adjustments from the previous audit were not properly posted to the system of the Township. As a result, the fund balances in the system were incorrect. Cash reconciliations were not properly completed each month. As a result of not properly posting the audit adjustments and not accurately and timely reconciling, numerous adjustments to the financial statements were necessary to fairly present the financial position of the Township.

We recommend the Clerk, post any audit adjustments to the system as an adjustment to the beginning fund balance. Once the adjustment has been posted to the system, monthly reconciliations need to be completed accurately and on a timely basis to ensure that any errors would be timely detected and corrected.

**SPRINGFIELD TOWNSHIP
CORRECTIVE ACTION PLAN
DECEMBER 31, 1999 AND 1998**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-40727-001	The Trustees and the Clerk will monitor the budgetary activity of the Township.	August 31, 2000	Pamela Riley, Clerk
1999-40727-002	The Clerk will post audit adjustments and perform monthly bank reconciliations in a timely manner.	August 31, 2000	Pamela Riley, Clerk



**STATE OF OHIO
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SPRINGFIELD TOWNSHIP

GALLIA 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 24, 2000**