



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**SPRINGFIELD TOWNSHIP  
LUCAS COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Springfield Township  
Lucas County  
7617 Angola Road  
Holland, Ohio 43528-8602

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township (the Township) as of and for the year ended December 31, 2001. The financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statement 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 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, 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 July 1, 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 management, the Board 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". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

July 1, 2002

**SPRINGFIELD TOWNSHIP  
LUCAS 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$1,131,564	\$1,467,468		\$2,599,032
Intergovernmental	474,252	301,577		775,829
Special Assessments			\$229,893	229,893
Charges for Services		578,757		578,757
Licenses, Permits, and Fees	34,993	11,850		46,843
Earnings on Investments	138,319	17,516		155,835
Other Revenue	255,088	54,550		309,638
<b>Total Cash Receipts</b>	<u>2,034,216</u>	<u>2,431,718</u>	<u>229,893</u>	<u>4,695,827</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	834,230			834,230
Public Safety		2,700,643		2,700,643
Public Works	410	702,020	220,786	923,216
Health	126,568	75,195		201,763
Human Services				
Conservation - Recreation	117,436			117,436
Capital Outlay	1,166,022	124,158		1,290,180
<b>Total Cash Disbursements</b>	<u>2,244,666</u>	<u>3,602,016</u>	<u>220,786</u>	<u>6,067,468</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(210,450)</u>	<u>(1,170,298)</u>	<u>9,107</u>	<u>(1,371,641)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		1,312,230		1,312,230
Transfers-Out	(1,312,230)			(1,312,230)
Other Sources	3,222	2,067		5,289
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(1,309,008)</u>	<u>1,314,297</u>		<u>5,289</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(1,519,458)</u>	<u>143,999</u>	<u>9,107</u>	<u>(1,366,352)</u>
<b>Fund Cash Balances, January 1</b>	<u>2,709,442</u>	<u>1,427,159</u>	<u>154,747</u>	<u>4,291,348</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$1,189,984</u></u>	<u><u>\$1,571,158</u></u>	<u><u>\$163,854</u></u>	<u><u>\$2,924,996</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$124,950</u></u>	<u><u>\$452,776</u></u>		<u><u>\$577,726</u></u>

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

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**SPRINGFIELD TOWNSHIP  
LUCAS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Springfield Township (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 the financial statement present all activities for which the Township is financially accountable.

**B. Basis of Accounting**

The financial statement follows 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).

The statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Repurchase agreements are 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:

*Fire District Fund* - This fund receives proceeds of a special levy to maintain the Township's fire department.

*Emergency Medical Service Fund* - This fund receives contract payments from Lucas County to provide EMS services to Township residents.

**SPRINGFIELD TOWNSHIP  
LUCAS COUNTY**

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

**3. 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 project fund:

*Lighting Assessment Fund* – This fund receives special assessments to provide street lighting 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 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 over, and need not be reappropriated.

A summary of 2001 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 vacation and sick leave. Unpaid vacation and sick leave are not reflected as a liability under the Township's basis of accounting.

**SPRINGFIELD TOWNSHIP  
LUCAS COUNTY**

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

**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:

	2001
Demand deposits	(\$31,415)
Repurchase agreement	2,956,411
Total deposits and investments	\$2,924,996

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

**Investments:** The Township and its financial institution have an agreement in which account balances are automatically invested in an overnight repurchase agreement. The financial institution maintains records identifying the Township as owner.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,249,436	\$2,022,708	(\$1,226,728)
Special Revenue	2,605,469	3,760,746	1,155,277
Capital Projects	271,590	229,892	(41,698)
Total	\$6,126,495	\$6,013,346	(\$113,149)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,629,034	\$3,681,846	\$2,947,188
Special Revenue	4,455,952	4,054,792	401,160
Capital Projects	426,337	220,786	205,551
Total	\$11,511,323	\$7,957,424	\$3,553,899

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following Special Revenue Funds: Police District by \$149,654 and the Fire District by \$244,399. Also contrary to Ohio law, total appropriations exceeded the total estimated resources in the following Special Revenue Funds: Motor Vehicle License by \$9,945, Gasoline Tax by \$20,402, Road and Bridge by \$259,402, Fire District by \$74,922, and the EMS by \$131,907; and the General Fund by \$598,422.

**SPRINGFIELD TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(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.

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. DEFINED BENEFIT PENSION PLANS**

**A. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the Ohio Police and Fire Pension Fund (OP&F) or the Public Employees Retirement System (PERS) of Ohio have an option to choose Social Security System.

**B. Ohio Police and Fire Pension Fund and Public Employees Retirement System**

The Township's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001. The Township has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**SPRINGFIELD TOWNSHIP  
LUCAS COUNTY**

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

**Self Insurance**

The Township is also self insured for full-time employee health coverage. Interfund rates are charged based on claims approved by the claims administrator Assurecare.

The Township also provides dental and vision coverage to full-time employees 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  
Lucas County  
7617 Angola Road  
Holland, Ohio 43528-8602

To the Board of Trustees:

We have audited the accompanying financial statement of Springfield Township (the Township) as of and for the year ended December 31, 2001, and have issued our report thereon dated July 1, 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 the following instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-40148-001 and 2001-40148-002. We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated July 1, 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 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 1, 2002.

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

**Jim Petro**  
Auditor of State

July 1, 2002



**SPRINGFIELD TOWNSHIP  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001**

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

**FINDING NUMBER 2001-40148-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.39 states that total appropriation from each fund should not exceed the total estimated revenue.

The total appropriations exceeded the total estimated revenue in the following funds:

2001 Appropriations vs. Estimated Revenue			
Fund Type	Appropriation Authority	Total Estimated Revenue	Variance
General Fund	\$6,455,200	\$5,856,778	(\$598,422)
Motor Vehicle License Tax	139,500	129,555	(9,945)
Gasoline Tax	213,000	192,598	(20,402)
Road and Bridge	744,900	485,498	(259,402)
Fire District	1,933,000	1,858,078	(74,922)
EMS	920,000	788,093	(131,907)

We recommend the Township institute procedures to ensure appropriations do not exceed estimated resources, at the time an original budget is adopted and when any subsequent modifications to appropriations occur.

**FINDING NUMBER 2001-40148-002**

**Noncompliance Citation**

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

The total actual disbursements exceeded the total appropriations for the following:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Police District		\$149,654	(\$149,654)
Fire District	\$1,987,894	2,232,293	(244,399)

We recommend Township officials review year to date disbursements to total appropriations and if necessary modify the budget accordingly.

**SPRINGFIELD TOWNSHIP  
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-40148-001	Ohio Revised Code § 5705.10	No	Partially corrected. Reported in the management letter



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**SPRINGFIELD TOWNSHIP**

**LUCAS 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 20, 2002**