



**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY
REGULAR AUDIT**

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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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, (the Township) as of and for the year ended December 31, 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 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 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 March 19, 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.

Jim Petro
Auditor of State

March 19, 2002

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$361,826	\$2,809,581	\$15,631		\$0	\$3,187,038
Intergovernmental	784,684	492,175		\$15,794		1,292,653
Special Assessments		9				9
Charges for Services		386,489				386,489
Licenses, Permits, and Fees	101,416					101,416
Fines, Forfeitures, and Penalties	25,583					25,583
Earnings on Investments	247,960	333				248,293
Other	92,324	91,145				183,469
Total Cash Receipts	<u>1,613,793</u>	<u>3,779,732</u>	<u>15,631</u>	<u>15,794</u>	<u>0</u>	<u>5,424,950</u>
Cash Disbursements:						
Current:						
General Government	712,329					712,329
Public Safety	14,740	2,955,386				2,970,126
Public Works	241,581	426,131				667,712
Health	7,489					7,489
Conservation - Recreation	194,039					194,039
Miscellaneous		185,365				185,365
Debt Service:						
Redemption of Principal			15,000			15,000
Interest and Fiscal Charges			664			664
Capital Outlay		73,207		145,010		218,217
Total Cash Disbursements	<u>1,170,178</u>	<u>3,640,089</u>	<u>15,664</u>	<u>145,010</u>	<u>0</u>	<u>4,970,941</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>443,615</u>	<u>139,643</u>	<u>(33)</u>	<u>(129,216)</u>	<u>0</u>	<u>454,009</u>
Other Financing Receipts/(Disbursements):						
Transfers-In		190,000		400,000		590,000
Advances-In		64,643				64,643
Transfers-Out	(590,000)					(590,000)
Advances-Out	(64,643)					(64,643)
Other Uses		(13,188)				(13,188)
Total Other Financing Receipts/(Disbursements)	<u>(654,643)</u>	<u>241,455</u>	<u>0</u>	<u>400,000</u>	<u>0</u>	<u>(13,188)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(211,028)</u>	<u>381,098</u>	<u>(33)</u>	<u>270,784</u>	<u>0</u>	<u>440,821</u>
Fund Cash Balances, January 1, (restated, See note 9)	<u>748,161</u>	<u>1,418,322</u>	<u>33</u>	<u>3,295,511</u>	<u>500</u>	<u>5,462,527</u>
Fund Cash Balances, December 31	<u>\$537,133</u>	<u>\$1,799,420</u>	<u>\$0</u>	<u>\$3,566,295</u>	<u>\$500</u>	<u>\$5,903,348</u>
Reserves for Encumbrances, December 31	<u>\$124,160</u>	<u>\$131,411</u>	<u>\$0</u>	<u>\$91,526</u>	<u>\$0</u>	<u>\$347,097</u>

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

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Agency</u>
Operating Cash Receipts:	
Other	\$14,026
Operating Cash Disbursements:	
Miscellaneous	<u>15,340</u>
Total Cash Receipts (Under) Cash Disbursements	(1,314)
Fund Cash Balances, January 1	<u>4,032</u>
Fund Cash Balances, December 31	<u><u>\$2,718</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>

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

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

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

Investments are included in fund cash balances. 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.

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:

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

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund accounting (Continued)

3. Debt Service Funds

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

EMS Ambulance Note Fund - This fund was used to pay principal and interest due on a note issued for the purchase of an ambulance. The note was fully retired during 2001.

4. Capital Projects 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 Projects 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 (Expendable Trust and Agency Funds)

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:

Escrow Fund - This Agency 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 (except for certain agency funds) 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.

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.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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>2001</u>
Demand deposits	<u>(\$137,694)</u>
Repurchase agreement	1,880,000
Star Ohio	<u>4,163,760</u>
Total investments	<u>6,043,760</u>
Total deposits and investments	<u><u>\$5,906,066</u></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: The Township's agent holds securities collateralizing repurchase agreements. The securities are not in the Township's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,586,911	\$1,613,793	\$26,882
Special Revenue	4,206,820	3,969,732	(237,088)
Debt Service	15,665	15,631	(34)
Capital Projects	130,000	415,794	285,794
Total	\$5,939,396	\$6,014,950	\$75,554

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,052,151	\$1,884,338	\$167,813
Special Revenue	4,659,724	3,784,688	875,036
Debt Service	15,664	15,664	0
Capital Projects	2,300,000	236,536	2,063,464
Total	\$9,027,539	\$5,921,226	\$3,106,313

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 certified firefighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees, including the Township's law enforcement staff, 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.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

5. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, members of OP&F contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS (non law enforcement) members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 8.13% of participants' gross salaries. PERS (law enforcement) members contributed 10.1% of their gross salaries. The Township contributed an amount equal to 16.7% of participants' gross salaries. The Township has paid all contributions required through December 31, 2001.

6. 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.

7. JOINT VENTURE

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

8. CONTINGENT LIABILITIES

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.

9. RESTATEMENT OF FUND BALANCE

The Law Enforcement Trust Fund was reclassified from an Expendable Trust Fund to a Special Revenue Fund. The January 1, 2001 fund cash balances were restated accordingly.

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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, (the Township) as of and for the year ended December 31, 2001 and have issued our report thereon dated March 19, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 19, 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 does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 19, 2002.

This report is intended 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.

Jim Petro
Auditor of State

March 19, 2002



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JIM PETRO, AUDITOR OF STATE

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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
APRIL 18, 2002**