



**Auditor of State
Betty Montgomery**

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township
Hamilton County
9150 Winton Road
Cincinnati, Ohio 45231

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Hamilton 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 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, 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 April 18, 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 audit.

This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under Section 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

April 18, 2003

**SPRINGFIELD TOWNSHIP
HAMILTON 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>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Local Taxes	\$162,729	\$9,495,090	\$0	\$0	\$9,657,819
Intergovernmental	2,121,177	2,051,313			4,172,490
Special Assessments	4,282	613			4,895
Charges for Services		28,332			28,332
Licenses, Permits, and Fees	4,426	15,838			20,264
Fines, Forfeitures, and Penalties	48,569	15,872			64,441
Earnings on Investments	405,314	1,106			406,420
Other Revenue	70,013	144,372			214,385
	<u>2,816,510</u>	<u>11,752,536</u>	<u>0</u>	<u>0</u>	<u>14,569,046</u>
Cash Disbursements:					
Current:					
General Government	1,543,630				1,543,630
Public Safety	69,399	7,126,644			7,196,043
Public Works	609,811	931,387			1,541,198
Health	16,141				16,141
Conservation - Recreation	358,693				358,693
Miscellaneous		75,501			75,501
Debt Service:					
Redemption of Principal	1,430,083	299,934			1,730,017
Interest and Fiscal Charges	259,785	15,247		250,000	525,032
Capital Outlay	557,967	406,812		172,041	1,136,820
	<u>4,845,509</u>	<u>8,855,525</u>	<u>0</u>	<u>422,041</u>	<u>14,123,075</u>
Total Cash Disbursements	<u>4,845,509</u>	<u>8,855,525</u>	<u>0</u>	<u>422,041</u>	<u>14,123,075</u>
Total Receipts Over/(Under) Disbursements	<u>(2,028,999)</u>	<u>2,897,011</u>	<u>0</u>	<u>(422,041)</u>	<u>445,971</u>
Other Financing Receipts and (Disbursements):					
Proceeds from Sale of Bonds				12,250,000	12,250,000
Other Proceeds from Sale of Public Debt			7,638		7,638
Other Sources		27			27
	<u>0</u>	<u>27</u>	<u>7,638</u>	<u>12,250,000</u>	<u>12,257,665</u>
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>27</u>	<u>7,638</u>	<u>12,250,000</u>	<u>12,257,665</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,028,999)	2,897,038	7,638	11,827,959	12,703,636
Fund Cash Balances, January 1	<u>6,268,559</u>	<u>2,669,158</u>	<u>0</u>	<u>81,871</u>	<u>9,019,588</u>
Fund Cash Balances, December 31	<u>\$4,239,560</u>	<u>\$5,566,196</u>	<u>\$7,638</u>	<u>\$11,909,830</u>	<u>\$21,723,224</u>
Reserve for Encumbrances, December 31	<u>\$716,508</u>	<u>\$383,523</u>	<u>\$0</u>	<u>\$1,738,838</u>	<u>\$2,838,869</u>

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

**SPRINGFIELD TOWNSHIP
HAMILTON 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>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$166,920	\$6,097,605	\$0	\$6,264,525
Intergovernmental	3,305,075	1,327,517		4,632,592
Special Assessments	11,484	495		11,979
Charges for Services		25,117		25,117
Licenses, Permits, and Fees	6,009	6,173		12,182
Fines, Forfeitures, and Penalties	30,447	7,782		38,229
Earnings on Investments	518,923	14,319		533,242
Other Revenue	327,633	108,224		435,857
Total Cash Receipts	<u>4,366,491</u>	<u>7,587,232</u>	<u>0</u>	<u>11,953,723</u>
Cash Disbursements:				
Current:				
General Government	1,289,038			1,289,038
Public Safety	36,585	6,531,281		6,567,866
Public Works	269,732	1,038,557		1,308,289
Health	15,422			15,422
Conservation - Recreation	302,906			302,906
Miscellaneous		54,356		54,356
Debt Service:				
Redemption of Principal	78,417	245,175		323,592
Interest and Fiscal Charges	17,644	64,761		82,405
Capital Outlay	481,645	440,462	157,787	1,079,894
Total Cash Disbursements	<u>2,491,389</u>	<u>8,374,592</u>	<u>157,787</u>	<u>11,023,768</u>
Total Receipts Over/(Under) Disbursements	<u>1,875,102</u>	<u>(787,360)</u>	<u>(157,787)</u>	<u>929,955</u>
Other Financing Receipts and (Disbursements):				
Proceeds from OPWC Loan			144,458	144,458
Transfers-In		70,000	5,070	75,070
Transfers-Out	(75,070)			(75,070)
Other Sources		424		424
Total Other Financing Receipts/(Disbursements)	<u>(75,070)</u>	<u>70,424</u>	<u>149,528</u>	<u>144,882</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,800,032	(716,936)	(8,259)	1,074,837
Fund Cash Balances, January 1	4,468,527	3,386,094	90,130	7,944,751
Fund Cash Balances, December 31	<u>\$6,268,559</u>	<u>\$2,669,158</u>	<u>\$81,871</u>	<u>\$9,019,588</u>
Reserve for Encumbrances, December 31	<u>\$293,297</u>	<u>\$448,309</u>	<u>\$0</u>	<u>\$741,606</u>

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

**SPRINGFILED TOWNSHIP
HAMILTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Springfield Township, Hamilton 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, 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 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.

Certificates of deposit and 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:

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Police District Fund

This fund receives property tax money for the operation of the police department within the Township.

Fire District Fund

This fund receives property tax money for the operation of the fire department within the Township.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and loans. The Township had the following Debt Service Fund:

Bond Retirement Fund

This fund receives tax money for the retirement of the Township outstanding bonds.

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 project funds:

Capital Project Fund

The fund received bond proceeds for the construction and improvement of the Township's fire station, police station, administration building, and Winton Road project.

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 for general fund and fund for all other fund types, 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.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Township did not encumber all commitments required by Ohio law.

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 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. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2002	2001
Demand deposits	(\$132,813)	(\$253,253)
Certificates of deposit	4,500,000	4,800,000
Total deposits	4,367,187	4,546,747
 Repurchase agreement	 17,356,037	 4,472,841
Total investments	17,356,037	4,472,841
Total deposits and investments	\$21,723,224	\$9,019,588

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

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

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

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,802,214	\$2,816,510	\$14,296
Special Revenue	11,752,409	11,752,563	154
Debt Service	0	7,638	7,638
Capital Projects	12,577,482	12,250,000	(327,482)
Total	\$27,132,105	\$26,826,711	(\$305,394)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,971,957	\$5,562,017	\$1,409,940
Special Revenue	10,880,769	9,239,048	1,641,721
Capital Projects	2,158,431	2,160,879	(2,448)
Total	\$20,011,157	\$16,961,944	\$3,049,213

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,052,882	\$4,366,491	\$2,313,609
Special Revenue	7,943,583	7,657,656	(285,927)
Capital Projects	552,070	149,528	(402,542)
Total	\$10,548,535	\$12,173,675	\$1,625,140

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,239,233	\$2,859,756	\$2,379,477
Special Revenue	10,004,026	8,822,901	1,181,125
Capital Projects	560,330	157,787	402,543
Total	\$15,803,589	\$11,840,444	\$3,963,145

Contrary to Ohio law, at December 31, 2001 the total expenditures exceeded appropriations in the Public Works Commission funds by \$144,458.

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

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

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, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2000 & 2001 Ohio Public Works Commission Loan	\$505,975	0%
General Obligation Bonds	12,250,000	2.07%
Total	<u><u>\$12,755,975</u></u>	

The Ohio Public Works Commission Loan was for repair to the Covered Bridge Project and several smaller clean-up projects within the Township.

The general obligation bonds were issued to finance the improvement and construction of fire station, police station, service building, banquet facility, and Winton Road project. The bonds are collateralized solely by the Township's taxing authority.

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

	<u>OPWC Loan</u>	<u>General Obligation Bonds</u>
Year ending December 31:		
2003	\$27,350	\$844,971
2004	27,350	848,334
2005	27,350	846,624
2006	27,350	848,254
2007	27,350	848,654
2008 -2012	136,750	4,247,201
2013 -2017	136,750	4,266,784
2018 - 2022	95,725	4,281,721
2023 - 2025	0	1,780,538
Total	<u><u>\$505,975</u></u>	<u><u>\$18,813,081</u></u>

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

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

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the 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 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. PERS 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.

7. RISK MANAGEMENT

Risk Pool Membership

The Township is a member of the Ohio Government Risk Management Plan Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Springfield Township policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (most current information available):

	<u>2001</u>	<u>2000</u>
Cash and investments	\$5,367,095	\$5,392,435
Actuarial liabilities	\$3,978,004	\$1,391,039



**Auditor of State
Betty Montgomery**

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

Springfield Township
Hamilton County
9150 Winton Road
Cincinnati, Ohio 45231

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 18, 2003. 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 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 2002-40431-001. We also noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 18, 2003.

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 April 18, 2003.

Springfield Township
Hamilton 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 18, 2003

**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-40431-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(B), prohibits a Township from making any expenditure of money unless it has been properly appropriated. At December 31, 2001, the Public Works Commission Fund had total expenditures of \$157,788 which exceeded appropriations of \$13,330 by \$144,458.

This did not result in a negative cash fund balance for this fund, but the funds were nevertheless improperly expended.

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**SPRINGFIELD TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEARS ENDED
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>
2000-40431-001	Ohio Rev. Code, Section 5705.09, requires a special fund be established for each grant and loan received.	Yes	
2000-40431-002	The Township did not have supporting documentation for outstanding checks.	Yes	



**Auditor of State
Betty Montgomery**

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SPRINGFIELD TOWNSHIP

HAMILTON TOWNSHIP

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 27, 2003**