



**Auditor of State
Betty Montgomery**

**SPRINGFIELD TOWNSHIP
MAHONING COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township
Mahoning County
3475 East South Range Road
New Springfield, Ohio 44443

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township (the Township), Mahoning County, as of and for the years ended December 31, 2002 and 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, 2002 and 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 April 15, 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 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

April 15, 2003

**SPRINGFIELD TOWNSHIP
MAHONING 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$247,424	\$610,813		\$858,237
Charges for Services		76,569		76,569
Licenses, Permits, and Fees	81,632			81,632
Fines, Forfeitures, and Penalties	10,445	856		11,301
Intergovernmental	109,162	257,902		367,064
Special Assessments		7,443		7,443
Earnings on Investments	19,393	807	\$5,134	25,334
Other Revenue	2,926	10,678		13,604
	<u>470,982</u>	<u>965,068</u>	<u>5,134</u>	<u>1,441,184</u>
Cash Disbursements:				
Current:				
General Government	191,407	390,792		582,199
Public Safety	62,067	135,145		197,212
Public Works	49,320	173,541		222,861
Health	27,095			27,095
Miscellaneous		13,314		13,314
Capital Outlay	7,245	15,568	7,862	30,675
	<u>337,134</u>	<u>728,360</u>	<u>7,862</u>	<u>1,073,356</u>
Total Cash Disbursements	<u>337,134</u>	<u>728,360</u>	<u>7,862</u>	<u>1,073,356</u>
Total Receipts Over/(Under) Disbursements	<u>133,848</u>	<u>236,708</u>	<u>(2,728)</u>	<u>367,828</u>
Other Financing Receipts and (Disbursements):				
Sale of Fixed Assets	5,830			5,830
Advances-In	83,420	89,902		173,322
Advances-Out	(89,902)	(83,420)		(173,322)
Other Sources	1,263	41		1,304
	<u>611</u>	<u>6,523</u>	<u>0</u>	<u>7,134</u>
Total Other Financing Receipts/(Disbursements)	<u>611</u>	<u>6,523</u>	<u>0</u>	<u>7,134</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	134,459	243,231	(2,728)	374,962
Fund Cash Balances, January 1	817,909	373,464	22,462	1,213,835
Fund Cash Balances, December 31	<u>\$952,368</u>	<u>\$616,695</u>	<u>\$19,734</u>	<u>\$1,588,797</u>
Reserve for Encumbrances, December 31	<u>\$74,200</u>	<u>\$91,566</u>	<u>\$0</u>	<u>\$165,766</u>

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

**SPRINGFIELD TOWNSHIP
MAHONING 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$253,369	\$631,239		\$884,608
Charges for Services		76,184		76,184
Licenses, Permits, and Fees	94,055			94,055
Fines, Forfeitures, and Penalties	9,320	200		9,520
Intergovernmental	107,971	170,074		278,045
Special Assessments		8,733		8,733
Earnings on Investments	40,492	2,562	\$50,000	93,054
Other Revenue	1,767	16,601		18,368
	<u>506,974</u>	<u>905,593</u>	<u>50,000</u>	<u>1,462,567</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	184,574	364,480		549,054
Public Safety	100,349	153,074		253,423
Public Works	18,871	168,919		187,790
Health	26,641			26,641
Capital Outlay	1,406	130,094	200,000	331,500
	<u>331,841</u>	<u>816,567</u>	<u>200,000</u>	<u>1,348,408</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>175,133</u>	<u>89,026</u>	<u>(150,000)</u>	<u>114,159</u>
Other Financing Receipts and (Disbursements):				
Transfers-In			122,462	122,462
Advances-In	68,377	17,550	50,000	135,927
Transfers-Out	(50,000)	(72,462)		(122,462)
Advances-Out	(67,550)	(18,377)	(50,000)	(135,927)
Other Sources	1,508	196		1,704
	<u>(47,665)</u>	<u>(73,093)</u>	<u>122,462</u>	<u>1,704</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	127,468	15,933	(27,538)	115,863
Fund Cash Balances, January 1	690,440	357,476	50,000	1,097,916
Fund Cash Balances, December 31	<u>\$817,908</u>	<u>\$373,409</u>	<u>\$22,462</u>	<u>\$1,213,779</u>
Reserve for Encumbrances, December 31	<u>\$5,360</u>	<u>\$11,891</u>	<u>\$0</u>	<u>\$17,251</u>

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

**SPRINGFIELD TOWNSHIP
MAHONING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Springfield Township, Mahoning 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 government services, including road and bridge maintenance, fire protection and police protection.

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. 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:

Police District Fund - This fund is used to pay payroll expenses and purchases for the police department.

Fire and Rescue Fund - This fund is used to purchase supplies for the fire and rescue department.

**SPRINGFIELD TOWNSHIP
MAHONING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (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 funds.

The Township has several miscellaneous capital projects funds which are used to account for the purchase of various types of equipment as fire equipment, an Issue II project and an OPWC 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 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 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 vacation and sick leave. Unpaid vacation and sick leave is not reflected as a liability under the Township's basis of accounting.

**SPRINGFIELD TOWNSHIP
MAHONING COUNTY**

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

	2002	2001
Demand deposits	(\$71,995)	(\$70,375)
Repurchase Agreement	\$1,660,792	\$1,284,154
Total deposits and investments	\$1,588,797	\$1,213,779

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: Repurchase agreements are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name.

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$422,999	\$478,075	\$55,076
Special Revenue	1,004,701	965,109	(39,592)
Capital Projects	50,000	5,134	(44,866)
Total	\$1,477,700	\$1,448,318	(\$29,382)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$499,281	\$411,334	\$87,947
Special Revenue	938,188	819,925	118,263
Capital Projects	72,462	7,862	64,600
Total	\$1,509,931	\$1,239,121	\$270,810

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$348,303	\$508,482	\$160,179
Special Revenue	804,390	905,789	101,399
Capital Projects	200,000	172,462	(27,538)
Total	\$1,352,693	\$1,586,733	\$234,040

**SPRINGFIELD TOWNSHIP
MAHONING COUNTY**

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

3. BUDGETARY ACTIVITY – (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$498,877	\$387,201	\$111,676
Special Revenue	987,849	900,920	86,929
Capital Projects	250,000	200,000	50,000
Total	\$1,736,726	\$1,488,121	\$248,605

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. RETIREMENT SYSTEMS

Full-time 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 2002 and 2001, law enforcement employees and full-time Township employees contributed 9% and 8.5%, respectively. The Township contributed an amount equal to 16% for law enforcement employees and 13.55% for full-time Township employees. The Township has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**SPRINGFIELD TOWNSHIP
MAHONING COUNTY**

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

7. RISK MANAGEMENT – (Continued)

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will insure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

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

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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
Mahoning County
3475 East South Range Road
New Springfield, Ohio 44443

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township (the Township) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated April 15, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 15, 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 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 April 15, 2003.

Springfield Township
Mahoning 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 15, 2003



**Auditor of State
Betty Montgomery**

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SPRINGFIELD TOWNSHIP

MAHONING 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
JUNE 12, 2003**