



**Auditor of State
Betty Montgomery**

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township
Ross County
79 Lakewood Drive
Chillicothe, Ohio 45601

To the Township Trustees:

We have audited the accompanying financial statements of Springfield Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31, 2002. 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. The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on the Township, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN Services and Ohio Revised Code Sections 117.11 (B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

As described 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Springfield Township, Ross County, Ohio, as of December 31, 2003 and December 31, 2002, 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 September 25, 2004, 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 information and use of the management, audit committee, the Township Trustees 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

September 25, 2004

SPRINGFIELD TOWNSHIP
ROSS 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, 2003**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Non Expendable Trust</u>	
Cash Receipts:					
Local Taxes	\$ 32,465	\$ 141,387	\$ 27,956	\$ -	\$ 201,808
Intergovernmental	67,439	96,808	-	-	164,247
Charges for Services	-	298	-	-	298
Earnings on Investments	2,888	187	-	81	3,156
Other Revenue	3,437	1,697	-	-	5,134
Total Cash Receipts	<u>106,229</u>	<u>240,377</u>	<u>27,956</u>	<u>81</u>	<u>374,643</u>
Cash Disbursements:					
Current:					
General Government	59,893	45,541	-	-	105,434
Public Safety	-	1,283	-	-	1,283
Public Works	62,266	135,649	-	-	197,915
Health	3,000	-	-	-	3,000
Debt Service:					
Redemption of Principal	-	44,056	26,556	-	70,612
Interest and Fiscal Charges	-	641	3,088	-	3,729
Capital Outlay	-	40,649	-	-	40,649
Total Cash Disbursements	<u>125,159</u>	<u>267,819</u>	<u>29,644</u>	<u>-</u>	<u>422,622</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(18,930)</u>	<u>(27,442)</u>	<u>(1,688)</u>	<u>81</u>	<u>(47,979)</u>
Other Financing Receipts and (Disbursements):					
Advances-In	-	5,000	-	-	5,000
Advances-Out	(5,000)	-	-	-	(5,000)
Total Other Financing Receipts/(Disbursements)	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(23,930)	(22,442)	(1,688)	81	(47,979)
Fund Cash Balances, January 1	\$ 40,293	\$ 149,008	\$ 2,552	\$ 1,774	\$ 193,627
Fund Cash Balances, December 31	<u>\$ 16,363</u>	<u>\$ 126,566</u>	<u>\$ 864</u>	<u>\$ 1,855</u>	<u>\$ 145,648</u>

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

**SPRINGFIELD TOWNSHIP
ROSS 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, 2002**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non Expendable Trust</u>	
Cash Receipts:						
Local Taxes	\$ 31,887	\$ 139,581	\$ 31,135	\$ -	\$ -	\$ 202,603
Intergovernmental	51,338	92,071	-	18,126	-	161,535
Earnings on Investments	5,071	239	-	-	74	5,384
Other Revenue	3,383	2,826	-	-	-	6,209
Total Cash Receipts	91,679	234,717	31,135	18,126	74	375,731
Cash Disbursements:						
Current:						
General Government	61,587	36,423	-	-	-	98,010
Public Works	29,268	114,628	-	-	-	143,896
Health	4,585	-	-	-	-	4,585
Debt Service:						
Redemption of Principal	-	-	26,556	-	-	26,556
Interest and Fiscal Charges	-	-	7,252	-	-	7,252
Capital Outlay	-	54,365	-	18,126	-	72,491
Total Cash Disbursements	95,440	205,416	33,808	18,126	-	352,790
Total Cash Receipts Over/(Under) Cash Disbursements	(3,761)	29,301	(2,673)	-	74	22,941
Other Financing Receipts and (Disbursements):						
Transfers-In	-	-	3,237	-	-	3,237
Transfers-Out	-	(3,237)	-	-	-	(3,237)
Total Other Financing Receipts/(Disbursements)	-	(3,237)	3,237	-	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,761)	26,064	564	-	74	22,941
Fund Cash Balances, January 1 (restated see Note 8)	44,054	122,944	1,988	-	1,700	170,686
Fund Cash Balances, December 31	\$ 40,293	\$ 149,008	\$ 2,552	\$ -	\$ 1,774	\$ 193,627

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

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Springfield Township, Ross 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, 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

The certificate of deposit is valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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:

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 to pay for constructing, maintaining and repairing Township roads.

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds (Continued)

Special Fire Levy – This fund receives special levy tax money to cover the cost of fire and EMS protection.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Note Retirement- This fund receives tax money to retire debt that has been incurred by the Township that is not paid from other funds.

4. Capital Projects Fund

This fund is 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 Projects Fund:

Public Works Commission Project Fund - The Township received Issue II grants from the Ross County Engineer to repave various roads in the township.

5. Fiduciary Fund (Trust Fund)

This fund is used to account for resources restricted by a legally binding trust agreement. The Township had the following significant Fiduciary Fund:

Cemetery Bequest Fund- This fund receives money to be held in a nonexpendable trust by the Township with earnings to be used for the upkeep and/or improvements to the cemeteries 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (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 canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 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

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2003	2002
Demand deposits	\$144,119	\$192,023
Certificates of deposit	1,529	1,604
Total deposits	\$145,648	\$193,627

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$111,635	\$106,229	(\$5,406)
Special Revenue	239,742	240,377	635
Debt Service	27,956	27,956	0
Non Expendable Trust	73	81	8
Total	\$379,406	\$374,643	(\$4,763)

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$130,747	\$125,159	\$5,588
Special Revenue	388,749	267,819	120,930
Debt Service	30,510	29,644	866
Total	<u>\$550,006</u>	<u>\$422,622</u>	<u>\$127,384</u>

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$96,077	\$91,679	(\$4,398)
Special Revenue	234,991	234,717	(274)
Debt Service	31,135	34,372	3,237
Capital Projects	18,126	18,126	0
Non Expendable Trust	72	74	2
Total	<u>\$380,401</u>	<u>\$378,968</u>	<u>(\$1,433)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$139,847	\$95,440	\$44,407
Special Revenue	326,631	208,653	117,978
Debt Service	47,118	33,808	13,310
Capital Projects	18,126	18,126	0
Non Expendable Trust	102	0	102
Total	<u>\$531,824</u>	<u>\$356,027</u>	<u>\$175,797</u>

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.

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.

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Notes- Backhoe	\$10,000	5.15%

On August 31, 1999, the Township issued a \$50,000 Note for the purchase of a back-hoe. The Township is to pay \$10,000, plus scheduled interest through April, 2004. The Township has committed general resources for the payment of the debt. The Township paid off a fire truck note and building note during 2003 and 2002.

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

	General Obligation Note- Backhoe
Year ending:	
December 31, 2004	\$10,516

6. RETIREMENT SYSTEM

The Township's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The 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 2003, OPERS 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, 2003.

7. RISK MANAGEMENT

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage 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.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, 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 from the General Reinsurance Corporation.

**SPRINGFIELD TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT (Continued)

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 Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 township.

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, 2003, and 2002.

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	<u>(11,791,300)</u>	<u>(9,197,512)</u>
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>
<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	<u>(750,956)</u>	<u>(1,204,326)</u>
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

8. RESTATEMENT

The Township restated the Road and Bridge Special Revenue fund. The Township voided a check in the amount of \$17,798 to the Ross County Engineer and did not reissue the check. As a result, this increased the beginning fund balance for January 1, 2003 as follows:

Special Revenue Funds:	
December 31, 2002 ending balance	\$105,146
Restatement amount	<u>17,798</u>
Restated balance at January 1, 2003	<u>\$122,944</u>

9. SUBSEQUENT EVENT

The Township Issued debt to purchase a dump truck in the amount of \$82,000 at annual interest rate of 3.83%.



Auditor of State Betty Montgomery

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

Springfield Township
Ross County
79 Lakewood Drive
Chillicothe, Ohio 45601

To the Township Trustees:

We have audited the financial statements of Springfield Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated September 25, 2004, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 September 25, 2004.

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.

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Springfield Township
Ross County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*

However, we noted certain matters involving internal control over financial reporting which we have reported to management of the Township in a separate letter dated September 25, 2004.

This report is intended for the information and use of the management, the audit committee, and the Township 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

September 25, 2004



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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SPRINGFIELD TOWNSHIP

ROSS 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
DECEMBER 7, 2004**