



**Auditor of State
Betty Montgomery**

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, Lucas County, (the Township) as of and for the years ended December 31, 2003 and 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 this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 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 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, 2003 and 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 October 14, 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 the information and use of the audit committee, 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.



Betty Montgomery
Auditor of State

October 14, 2004

**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, 2003**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local Taxes	\$ 1,161,393	\$ 1,514,244	\$ -	\$ 2,675,637
Intergovernmental	402,188	352,057	312,797	1,067,042
Special Assessments	-	-	253,589	253,589
Charges for Services	-	632,061	-	632,061
Licenses, Permits, and Fees	206,771	-	-	206,771
Fines, Forfeitures, and Penalties	-	11,145	-	11,145
Earnings on Investments	21,954	678	319	22,951
Other Revenue	36,465	65,567	1,200	103,232
Total Cash Receipts	<u>1,828,771</u>	<u>2,575,752</u>	<u>567,905</u>	<u>4,972,428</u>
Cash Disbursements:				
Current:				
General Government	1,159,473	-	-	1,159,473
Public Safety	608,945	2,400,362	-	3,009,307
Public Works	2,089	1,302,776	244,829	1,549,694
Health	102,788	28,334	-	131,122
Conservation - Recreation	96,257	-	-	96,257
Capital Outlay	18,752	113,569	433,471	565,792
Total Cash Disbursements	<u>1,988,304</u>	<u>3,845,041</u>	<u>678,300</u>	<u>6,511,645</u>
Total Cash Disbursements Over Cash Receipts	<u>(159,533)</u>	<u>(1,269,289)</u>	<u>(110,395)</u>	<u>(1,539,217)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Other Proceeds from Sale of Public Debt	-	-	118,174	118,174
Transfers-In	-	840,000	-	840,000
Advances-In	25,000	22,000	-	47,000
Transfers-Out	(840,000)	-	-	(840,000)
Advances-Out	(22,000)	(25,000)	-	(47,000)
Total Other Financing Receipts/(Disbursements)	<u>(837,000)</u>	<u>837,000</u>	<u>118,174</u>	<u>118,174</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(996,533)	(432,289)	7,779	(1,421,043)
Fund Cash Balances, January 1	<u>1,595,913</u>	<u>936,696</u>	<u>231,776</u>	<u>2,764,385</u>
Fund Cash Balances, December 31	<u>\$ 599,380</u>	<u>\$ 504,407</u>	<u>\$ 239,555</u>	<u>\$ 1,343,342</u>
Reserve for Encumbrances, December 31	<u>\$ 13,671</u>	<u>\$ 11,568</u>	<u>\$ 47,500</u>	<u>\$ 72,739</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**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, 2002**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local Taxes	\$ 1,149,841	\$ 1,491,104	\$ -	\$ 2,640,945
Intergovernmental	635,791	319,119	203,648	1,158,558
Special Assessments	-	-	226,524	226,524
Charges for Services	-	753,845	-	753,845
Licenses, Permits, and Fees	193,267	9,150	-	202,417
Earnings on Investments	45,245	1,811	142	47,198
Other Revenue	42,120	92,417	56,103	190,640
Total Cash Receipts	<u>2,066,264</u>	<u>2,667,446</u>	<u>486,417</u>	<u>5,220,127</u>
Cash Disbursements:				
Current:				
General Government	785,268	-	-	785,268
Public Safety	474,615	2,185,743	-	2,660,358
Public Works	618	882,957	216,204	1,099,779
Health	103,414	21,488	-	124,902
Conservation - Recreation	88,674	-	-	88,674
Capital Outlay	14,389	403,720	203,648	621,757
Total Cash Disbursements	<u>1,466,978</u>	<u>3,493,908</u>	<u>419,852</u>	<u>5,380,738</u>
Total Cash Receipts Over/(Under)				
Cash Disbursements	<u>599,286</u>	<u>(826,462)</u>	<u>66,565</u>	<u>(160,611)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	-	192,000	1,357	193,357
Transfers-Out	(193,357)	-	-	(193,357)
Total Other Financing Receipts/(Disbursements)	<u>(193,357)</u>	<u>192,000</u>	<u>1,357</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	405,929	(634,462)	67,922	(160,611)
Fund Cash Balances, January 1	<u>1,189,984</u>	<u>1,571,158</u>	<u>163,854</u>	<u>2,924,996</u>
Fund Cash Balances, December 31	<u>\$ 1,595,913</u>	<u>\$ 936,696</u>	<u>\$ 231,776</u>	<u>\$ 2,764,385</u>
Reserve for Encumbrances, December 31	<u>\$ 55,146</u>	<u>\$ 59,412</u>	<u>\$ -</u>	<u>\$ 114,558</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Springfield Township, Lucas 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Lucas County Sheriffs Department to provide police 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

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.

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

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

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.

Permissive Motor Vehicle License Tax Fund - This fund receives Permissive Motor Vehicle License Taxes for constructing, maintaining, and repairing Township roads.

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

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:

Issue II Fund - The Township received grants and loans from the State of Ohio several road projects.

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.

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

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

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. The Township did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

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 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:

	2003	2002
Demand deposits	\$ 1,343,342	\$ 84,780
Repurchase agreement		2,679,605
Total deposits and investments	\$ 1,343,342	\$ 2,764,385

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

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

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 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 of the securities subject to the repurchase agreement.

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,825,000	\$ 1,828,771	\$ 3,771
Special Revenue	3,380,294	3,415,752	35,458
Capital Projects	260,000	686,079	426,079
Total	\$ 5,465,294	\$ 5,930,602	\$ 465,308

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,420,913	\$ 2,841,975	\$ 578,938
Special Revenue	4,316,989	3,856,609	460,380
Capital Projects	435,530	725,800	(290,270)
Total	\$ 8,173,432	\$ 7,424,384	\$ 749,048

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

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

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,214,307	\$ 2,066,264	\$ (148,043)
Special Revenue	2,834,228	2,859,446	25,218
Capital Projects	278,123	487,774	209,651
Total	\$ 5,326,658	\$ 5,413,484	\$ 86,826

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,319,984	\$ 1,715,481	\$ 1,604,503
Special Revenue	4,406,847	3,553,320	853,527
Capital Projects	390,257	419,852	(29,595)
Total	\$ 8,117,088	\$ 5,688,653	\$ 2,428,435

In 2003, expenditures exceeded appropriations in the Parkland Acquisition and Improvement Fund (\$50,000), and the State Issue 2 Fund (\$430,971). In 2002 expenditures exceeded appropriations in the Gas Tax Fund (\$17,882), Permissive Motor Vehicle License Tax Fund (\$45,610), and the State Issue 2 Fund (\$203,648).

In 2002, appropriations exceeded total estimated revenue in the Road & Bridge Fund (\$136,001), and the Emergency Medical Services Fund (\$156,319).

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 payments, the first half is due December 31. The second half payment is due the following June 20.

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

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

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. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal
Ohio Public Works Loan	\$ 118,174

The Ohio Public Works loan proceeds were used to help finance the widening and resurfacing of Longworth, Roycroft, Holloway, and Hall roads project. The loan is a zero percent loan and is repayable in semi-annual installments of \$5,909 for 10 years.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	Ohio Public Works Loan
2004	\$ 11,818
2005	11,818
2006	11,818
2007	11,818
2008	11,818
2009 – 2013	59,084
Total	\$ 118,174

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

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

6. RETIREMENT SYSTEMS

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 Ohio Public Employees Retirement System (OPERS) 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 full-time Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. Part-time Fire Fighters belong to Social Security because they do not meet the requirements for enrollment in OP&F, and additionally cannot participate in OPERS due to their job description as firefighter. OP&F and OPERS 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 2003, members of OP&F participants contributed 10 percent of their wages. The Township contributed an amount equal to 24 percent of their wages to OP&F. OPER's members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries for 2002 and 2003. The Township has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

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

8. CONTINGENT LIABILITIES

The Township is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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 statements of Springfield Township, Lucas County, (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 14, 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 through 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated October 14, 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. 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 October 14, 2004.

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.



Betty Montgomery
Auditor of State

October 14, 2004

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Revised Code § 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. The following funds approved appropriations exceeded total estimated resources plus unencumbered balances:

<u>Year</u>	<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
2002	Road and Bridge Fund	\$ 514,640	\$ 650,641	\$ (136,001)
	Emergency Medical Services Fund	633,500	789,819	(156,319)

These conditions could lead to spending more than is available. To correct the above conditions we recommend the following:

- No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.
- Township management should monitor budgetary activity throughout the year and make the necessary revisions.

FINDING NUMBER 2003-002

Noncompliance Citation

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

FINDING NUMBER 2003-002
(Continued)

Expenditures exceeded appropriations in the following funds for the following amounts:

Year	Funds	Appropriations	Expenditures	Variance
2003	Parkland Acquisition and Improvement Fund	\$ -	\$ 50,000	\$ 50,000
	OPWC Construction Fund	-	430,971	430,971
2002	Gas Tax Fund	\$ 32,399	\$ 50,281	\$ 17,882
	Permissive Motor Vehicle License Tax	134,580	180,190	45,610
	OPWC Construction Fund	-	203,648	203,648

The Township did not post to the accounting system or budget for the Parkland acquisitions and improvement and State Issue II (OPWC) activity. The State disburses Issue II money on the Township's behalf, without the Township receiving the cash. However, Auditor of State Bulletins 2000-08 and 2002-04 suggest the Township should record and budget for these transactions. This activity has been posted as adjustments to the Township's 2002 and 2003 financial statements.

To correct the above conditions, we recommend the following:

- The Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.
- Township management should budget for Parkland acquisition and improvement, and OPWC funding.

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Revised Code § 5705.41(D) (1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above: including: “then and now” certificates, blanket certificates and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. “Then and Now” certificate – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from receipt of the “then and now” certificate to approve payment by ordinance or resolution.
2. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

Fiscal officers may prepare so-called “blanket” certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Effective September 26, 2003, the \$5,000 limit on the issuance of purchase orders and the requirement that purchase orders not extend beyond three months have been removed from the law. Effective September 26, 2003, purchase orders may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

FINDING NUMBER 2003-003
(Continued)

Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not properly certify the availability of funds prior to the purchase commitment for 20 percent of the expenditures tested in 2003 and 2002.

Of the 41 super blanket certificates tested, 31 super blanket certificates were used for expenditures that were not recurring, consistent, and reasonably predictable.

Failure to properly certify the availability of funds can result in overspending funds and negative cash balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Township Clerk certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification prior to the Township incurring a commitment, and only when the requirements of § 5705.41(D) are satisfied. The fiscal officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**SPRINGFIELD TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-40148-001	Revised Code § 5705.41(B) disbursements exceeded appropriations	No	Not corrected. Reissued as Finding 2003-002.
2001-40148-002	Revised Code § 5705.39 appropriations exceeded total estimated revenue	No	Not corrected. Reissued as Finding 2003-001.



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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
NOVEMBER 4, 2004**