



Mary Taylor, CPA
Auditor of State

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

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Mary Taylor, CPA

Auditor of State

Springfield Township
Gallia County
P.O. Box 22
Bidwell, Ohio 45614

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 20, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township
Gallia County
P.O. Box 22
Bidwell, Ohio 45614

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 processes its financial transactions with 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 audit 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 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Township's larger (i.e., major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Springfield Township, Gallia County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2010, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

May 20, 2010

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$46,844	\$57,446	\$104,290
Charges for Services		11,134	11,134
Intergovernmental	200,983	368,002	568,985
Earnings on Investments	826	343	1,169
Miscellaneous		14,964	14,964
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	248,653	451,889	700,542
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	140,903	8,909	149,812
Public Safety		288,490	288,490
Public Works		105,442	105,442
Health	973		973
Other		1,099	1,099
Debt Service:			
Redemption of Principal		20,100	20,100
Interest and Other Fiscal Charges		5,580	5,580
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	141,876	429,620	571,496
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	106,777	22,269	129,046
	<hr/>	<hr/>	<hr/>
Other Financing Receipts / (Disbursements):			
Other Financing Sources	1,807	2,877	4,684
Other Financing Uses		(2,339)	(2,339)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	1,807	538	2,345
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	108,584	22,807	131,391
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	139,398	44,469	183,867
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$247,982</u>	<u>\$67,276</u>	<u>\$315,258</u>

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

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$39,018	\$63,979	\$102,997
Charges for Services		3,560	3,560
Licenses, Permits, and Fees	1,092		1,092
Intergovernmental	121,653	179,835	301,488
Earnings on Investments	581	246	827
Miscellaneous		8,913	8,913
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	162,344	256,533	418,877
Cash Disbursements:			
Current:			
General Government	85,709	2,098	87,807
Public Safety		82,716	82,716
Public Works		147,222	147,222
Capital Outlay	15	172,000	172,015
Debt Service:			
Redemption of Principal	12,918	10,000	22,918
Interest and Other Fiscal Charges	2,124		2,124
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	100,766	414,036	514,802
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	61,578	(157,503)	(95,925)
Other Financing Receipts/(Disbursements):			
Sale of Bonds		124,000	124,000
Other Financing Sources	2,412		2,412
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	2,412	124,000	126,412
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	63,990	(33,503)	30,487
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	75,408	77,972	153,380
Fund Cash Balances, December 31	<hr/> \$139,398 <hr/>	<hr/> \$44,469 <hr/>	<hr/> \$183,867 <hr/>

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

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Springfield Township, Gallia County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road maintenance and fire protection services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash

All cash assets of the Township are maintained in an interest bearing checking account.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining, and repairing Township roads.

Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Fire Special Levy Fund - This fund receives property tax money to pay for fire protection and equipment.

Pumper Truck Fund - This fund accounts for the receipt of USDA grant and loan monies for the purchase and subsequent loan payment relating to the purchase of a fire truck.

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, 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.

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. Equity in Pooled Cash

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

	2009	2008
Demand deposits	<u>\$ 315,258</u>	<u>\$ 183,867</u>

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Cash (Continued)

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 190,044	\$ 250,460	\$ 60,416
Special Revenue	504,480	454,766	(49,714)
Total	\$ 694,524	\$ 705,226	\$ 10,702

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 170,229	\$ 141,876	\$ 28,353
Special Revenue	520,225	431,959	88,266
Total	\$ 690,454	\$ 573,835	\$ 116,619

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 128,754	\$ 164,756	\$ 36,002
Special Revenue	373,372	380,533	7,161
Total	\$ 502,126	\$ 545,289	\$ 43,163

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 131,140	\$ 100,766	\$ 30,374
Special Revenue	442,800	414,036	28,764
Total	\$ 573,940	\$ 514,802	\$ 59,138

Contrary to Ohio Rev. Code Section 5705.36(A)(4), appropriations exceeded actual receipts plus beginning available cash balances at December 31, 2008 in the Gasoline Tax Fund by \$54,690 and at December 31, 2009 in the Gasoline Tax and Permissive Motor Vehicle Tax Funds by \$57,243 and 8,491, respectively.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. Property Tax (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, 2009, was as follows:

	Principal	Interest Rate
OPWC Loan	\$ 5,000	0.00%
USDA Tax Anticipation Bonds - Fire Truck	113,900	4.50%
	\$ 118,900	

The Township obtained a no interest loan from the Ohio Public Works Commission (OPWC) for road reconstruction in Charolais Lake Estates in the amount of \$80,000 in 2001. The Township pays \$10,000 per year. The full faith and credit of the Township is pledged to repay this debt.

The Township issued tax anticipation bonds in 2008 through a U.S. Department of Agriculture Rural Development loan program for the purchase of a fire truck. The original bonds payable was for \$124,000. The full faith and credit of the Township is pledged to repay this debt.

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

Year Ending December 31	OPWC Loan		Fire Equipment Note	
	Principal	Interest	Principal	Interest
2010	\$ 5,000	\$	\$ 10,500	\$ 5,126
2011			11,100	4,653
2012			11,500	4,154
2013			12,000	3,636
2014			12,600	3,096
2012-2017			56,200	6,461
Total	\$ 5,000	\$ 0	\$ 113,900	\$ 27,126

6. Retirement System

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management

Risk Pool Membership

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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 coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$5,000.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management (Continued)

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2007	\$6,076
2008	\$7,098
2009	\$6,256

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Springfield Township
Gallia County
P.O. Box 22
Bidwell, Ohio 45614

To the Board of Trustees:

We have audited the financial statements of Springfield Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 20, 2010 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. 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 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-003 and 2009-006 described in the accompanying Schedule of Findings to be material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated May 20, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 through 2009-005.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 20, 2010.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 20, 2010

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Rev. Code Section 5549.21 states, in part, the board of township trustees may purchase or lease such machinery and tools as are necessary for use in constructing, reconstructing, maintaining, and repairing roads and culverts within the township, and shall provide suitable places for housing and storing machinery and tools owned by the township. It may purchase such material and employ such labor as is necessary for carrying into effect this section, or it may authorize the purchase or employment of such material and labor by one of its number, or by the township highway superintendent, at a price to be fixed by the board. All payments on account of machinery, tools, material, and labor shall be made from the township road fund.

Effective December 31, 2008, House Bill 458 made changes to R.C. 5705.05 and 5705.06. Formerly, pursuant to R.C. 5705.05 and 5705.06, townships were prohibited from using proceeds from a general levy for current expenses for the construction, reconstruction, resurfacing, or repair of roads and bridges. This had been interpreted as also prohibiting transfers from a township's general fund to their road and bridge fund, unless the general levy monies were segregated from those unrestricted portions of the general fund. The Bill, however, removes this statutory prohibition, and townships are no longer restricted from transferring general levy money to the road and bridge fund.

Prior to the effective date of HB 458, the Township issued check number 7373 for \$16,565.85 to the Shelley Company on November 30, 2008 in payment for the local share of a CDBG grant for paving in the Township. The payment included an allocation of \$15,037.51 from the General Fund. This resulted in a reduction of funds available for expenditures in the General Fund as well as an understatement of expenditures in the Permissive Motor Vehicle License Tax Fund. The Township posted the adjustment under audit.

We recommend the Township review the Ohio Revised Code and other current legislative authorities governing the allowable uses of current operating levies.

Officials' Response: The Township's intent was to appropriate money to a correct fund.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Rev. Code Section 5705.09(C) requires each subdivision to establish a bond retirement fund into which it must pay sufficient revenues to retire serial bonds, notes and certificates of indebtedness at maturity.

The Township paid principal and interest payments on Tax Anticipation Bonds from the Fire Levy Fund in 2009. The County Auditor did not allocate taxes on the tax settlement sheets to pay the principal and interest amount. The Fiscal Officer did not make the required transfer to a debt service fund. The debt instrument drafted by bond counsel, under item (F)(3) requires the use of a debt service fund.

We recommend the Township contact the County Auditor to request a portion of the property taxes be allocated to a debt service fund and the Township account for the receipts and expenditures pertaining to the bond anticipation note in that fund.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-002 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.09(C) (Continued)

Officials' Response: The Township did not to respond to this finding.

FINDING NUMBER 2009-003

Noncompliance Finding and Material Weakness

Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16 provide guidelines pertaining to allowable inter-fund transfers. Ohio Rev. Code Section 5705.14 provides that interfund transfers shall only be made by resolution of the taxing authority. (See also 1989 Op. Att'y Gen. No. 89-075) Ohio Rev. Code Section 5705.14(E) has been interpreted to require a resolution passed by a simple majority when transferring funds from the general revenue fund to specific funds.) In certain circumstances, which are detailed in Ohio Rev. Code Section 5705.14, transfers from funds other than the General Fund may be made by a resolution passed by a two-thirds vote of the taxing authority. In some cases, approval of the County Tax Commissioner and a court order from the Court of Common Pleas are also required.

In 2008, the Township transferred \$45,000 from the General Fund to the Gasoline Tax Fund immediately after posting audit adjustments relating to the 2007-2006 audit. The transfer substantially reversed the effects of the prior period audit adjustments. The minutes did not indicate the approval of the transfer by the Board of Trustees. The Township has agreed to and posted the adjustment, which is also reflected in the financial statements.

We recommend the Fiscal Officer obtain prior approval from the Board of Trustees, through a resolution, prior to posting any inter-fund transfers to the accounting system.

Officials' Response: The Township did not to respond to this finding.

FINDING NUMBER 2009-004

Noncompliance Finding

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Appropriations exceeded actual receipts plus available cash balances by \$54,690 in the Gasoline Tax Fund at December 31, 2008. Appropriations exceeded actual receipts plus available cash balances by \$57,243 in the Gasoline Tax Fund and by \$8,491 in the Permissive Motor Vehicle License Tax Fund at December 31, 2009.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-004 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.36(A)(4) (Continued)

As a result, the Gasoline Tax Fund had a deficit fund cash balance of \$25,876 at December 31, 2008 and a deficit fund cash balance of \$10,892 at December 31, 2009. The Permissive Motor Vehicle License Tax Fund had a deficit fund cash balance of \$3,853 at December 31, 2009.

We recommend the Township monitor estimated and actual receipts and, upon determination that the deficiency in actual receipts will reduce the available resources below the current level of appropriation, obtain reduced amended certificate of available resources and appropriation measure.

Officials' Response: The Township will monitor estimated and actual receipts.

FINDING NUMBER 2009-005

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 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 the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 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.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-005 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of 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.

3. 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.

In 2009, we tested four checks, which, individually or in the aggregate, could have contributed to a material misstatement in the financial statement presentation. The Township did not encumber three of these four expenditure transactions prior to obligation. In 2008, we tested six checks, which, individually or in the aggregate, could have contributed to a material misstatement in the financial statement presentation. The Township did not encumber five of these six expenditure transactions prior to obligation.

The Township did not have sufficient internal controls in place to ensure the certification of the availability of funds. Failure to certify the availability of funds properly can result in overspending funds and negative cash balances.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but is also 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 the Fiscal Officer certify that funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, “then and now” certification should be used.

We recommend the Township officials and employees obtain the Fiscal Officer’s certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Ohio Rev. Code Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs the commitment, and only when the requirements of Ohio Rev. Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials’ Response: The Township will ensure purchase orders are in place prior to purchase obligations.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-006

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

2009:

- The Fiscal Officer posted Permissive Motor Vehicle License Tax receipts as taxes rather than intergovernmental receipts (\$20,852).
- The Fiscal Officer posted debt payments from the Motor Vehicle License Tax Fund for which debt is an unallowable expenditure rather than accounting for this debt in the Gasoline Tax Fund (\$10,000).
- The Fiscal Officer improperly posted principal (\$10,100) and interest (\$5,580) payments relating to the Fire Levy Fund as Public Safety (\$14,374) and General Government (\$1,306) expenditures.

2008:

- The Fiscal Officer posted expenditures relating to the construction and maintenance of roads to the General Fund. This was prior to House Bill 458, which now allows this type of expenditure from current operating levies.
- The Fiscal Officer improperly posted Permissive Motor Vehicle License Tax receipts to the General Fund (\$1,977) and Motor Vehicle License Tax Fund (\$1,550). Additionally, the Fiscal Officer improperly posted Permissive Motor Vehicle License Tax receipts as tax receipts rather than intergovernmental receipt to the Permissive Motor Vehicle License Tax fund (\$17,038).
- The Fiscal Officer improperly posted proceeds of debt for the purchase of a fire truck as intergovernmental receipts (\$124,000).
- The Fiscal Officer improperly posted a FEMA grant to the General Fund as other financing sources (\$28,325) and to the Fire Levy Fund as miscellaneous receipts (\$14,273).
- The Fiscal Officer improperly posted debt payments to the General Fund as general government and capital outlay expenditures rather than principal payments (\$12,918) and interest (\$2,124).
- The Fiscal Officer posted debt payments from the Motor Vehicle License Tax Fund for which debt is an unallowable expenditure rather than accounting for this debt in the Gasoline Tax Fund (\$10,000). Furthermore, the Township posted the debt as public works expenditures rather than shown as debt expenditures.
- The Fiscal Officer posted \$5,657 in General Fund Homestead and Rollback as Taxes rather than Intergovernmental Receipts.
- The Fiscal Officer posted a transfer of \$45,000 from the General Fund to the Gasoline Tax fund in order to reverse the effects of a prior period audit adjustment.

The audited financial statements reflect the adjustments noted above and the Fiscal Officer posted the adjustments to the accounting system.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2009-006 (Continued)

Material Weakness (Continued)

Officials' Response: The Fiscal Officer will review the financial statements and notes to the financial statements.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Rev. Code Section 5705.39 for appropriations exceeding estimated resources.	Yes	N/A
2007-002	Ohio Rev. Code Section 5705.41(B) for actual disbursements exceeding appropriations.	No	Partially Corrected; Re-issued in our letter to management.
2007-003	Ohio Rev. Code Section 5705.41(D) for not certifying the availability of funds prior to incurring an obligation.	No	Not Corrected; Re-issued in the current Schedule of Findings as 2009-005.
2007-004	Significant Deficiency – Budgeted receipts and expenditures posted to the accounting system did not agree to the formally approved amounts	No	Partially Corrected; Re-issued in our letter to management.
2007-005	Material Weakness – Posting of receipts and expenditures to the incorrect funds or accounts.	No	Not Corrected; Re-issued in the current Schedule of Findings as 2009-006.



Mary Taylor, CPA
Auditor of State

SPRINGFIELD TOWNSHIP

GALLIA 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 8, 2010**