



**Auditor of State  
Betty Montgomery**



**SPRINGFIELD TOWNSHIP  
GALLIA COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township  
Gallia County  
1999 Duly Road  
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, 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. We believe that our audit provides a reasonable basis for our opinion.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* consider 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* permit 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 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 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 Springfield Township, Gallia County, 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 November 23, 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.

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Springfield Township  
Gallia County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 23, 2004

**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, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$31,785	\$49,806	\$81,591
Intergovernmental	31,680	143,303	174,983
Franchise Fees	2,163		2,163
Earnings on Investments	407	216	623
Other Revenue	500	5,451	5,951
	<u>66,535</u>	<u>198,776</u>	<u>265,311</u>
<b>Total Cash Receipts</b>			
	<u>66,535</u>	<u>198,776</u>	<u>265,311</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	53,390		53,390
Public Safety		71,059	71,059
Public Works	21,745	97,626	119,371
Health	5,145		5,145
Conservation - Recreation		29,295	29,295
Debt Service:			
Redemption of Principal	5,000	10,000	15,000
Capital Outlay	2,666	18,043	20,709
	<u>87,946</u>	<u>226,023</u>	<u>313,969</u>
<b>Total Cash Disbursements</b>			
	<u>87,946</u>	<u>226,023</u>	<u>313,969</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(21,411)</u>	<u>(27,247)</u>	<u>(48,658)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		13,100	13,100
Advances-In		8,765	8,765
Transfers-Out	(3,100)	(10,000)	(13,100)
Advances-Out	(8,765)		(8,765)
Other Sources	278		278
Other Uses		(621)	(621)
	<u>(11,587)</u>	<u>11,244</u>	<u>(343)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(11,587)</u>	<u>11,244</u>	<u>(343)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/ Under Cash Disbursements and Other Financing Disbursements</b>	<u>(32,998)</u>	<u>(16,003)</u>	<u>(49,001)</u>
<b>Fund Cash Balances, January 1</b>	<u>26,388</u>	<u>85,937</u>	<u>112,325</u>
<b>Fund Cash Balances, December 31</b>	<u><b>(\$6,610)</b></u>	<u><b>\$69,934</b></u>	<u><b>\$63,324</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$7,359</b></u>	<u><b>\$13,227</b></u>	<u><b>\$20,586</b></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, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$27,103	\$30,418	\$	\$57,521
Reimbursement		35,595		35,595
Intergovernmental	42,227	67,163		109,390
Franchise Fees	2,685			2,685
Earnings on Investments	1,486	642		2,128
Other Revenue	471	2,186		2,657
	<u>73,972</u>	<u>136,004</u>	<u>0</u>	<u>209,976</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	57,430	23,795		81,225
Public Safety		54,401		54,401
Public Works	167	82,559		82,726
Health	4,772			4,772
Debt Service:				
Redemption of Principal	5,000	5,000		10,000
Capital Outlay			80,000	80,000
	<u>67,369</u>	<u>165,755</u>	<u>80,000</u>	<u>313,124</u>
Total Cash Disbursements	<u>67,369</u>	<u>165,755</u>	<u>80,000</u>	<u>313,124</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>6,603</u>	<u>(29,751)</u>	<u>(80,000)</u>	<u>(103,148)</u>
<b>Other Financing Receipts:</b>				
Proceeds of Loan				
Insurance Proceeds			80,000	80,000
	1,771			1,771
Total Other Financing Receipts	<u>1,771</u>	<u>0</u>	<u>80,000</u>	<u>81,771</u>
Receipts Over/(Under) Cash Disbursements	8,374	(29,751)	0	(21,377)
Fund Cash Balances, January 1	18,014	115,688	0	133,702
<b>Fund Cash Balances, December 31</b>	<b><u>\$26,388</u></b>	<b><u>\$85,937</u></b>	<b><u>\$0</u></b>	<b><u>\$112,325</u></b>
Reserve for Encumbrances, December 31	<u>\$2,145</u>	<u>\$21,407</u>	<u>\$0</u>	<u>\$23,552</u>

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

**SPRINGFIELD TOWNSHIP  
GALLIA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Springfield Township, Gallia 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 and a publicly-elected Township Clerk. The Township provides road and bridge maintenance, cemetery maintenance and fire protection. The Township contracted with the Village of Rio Grande to provide fire services until March 7, 2002, when the Township Trustees approved the establishment of a fire department.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

**SPRINGFIELD TOWNSHIP  
GALLIA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Fire Levy Fund* – This fund receives tax money for fire protection services.

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

*Federal Emergency Management (FEMA) Fund* – This fund received money from the State and Federal Government as disaster relief from February 2003 ice storm.

**3. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following Capital Project Fund:

*Charolais Lake Project Fund* – This fund received money from resident donations and other funding for a road project.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Board of Township Trustees must annually approve appropriation measures and subsequent amendments. Permanent appropriations are approved at the beginning of the fiscal year and supplemental appropriations are approved as necessary during the year. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**SPRINGFIELD TOWNSHIP  
GALLIA 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 carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio Law.

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.

**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 follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$63,324</u>	<u>\$53,196</u>
Total deposits	<u>63,324</u>	<u>53,196</u>
STAROhio	<u>0</u>	<u>59,129</u>
Total investments	<u>0</u>	<u>59,129</u>
Total deposits and investments	<u><u>\$63,324</u></u>	<u><u>\$112,325</u></u>

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

**Investments:** Investments in STAROhio are not evidenced by securities that exist in physical or book entry form.

**SPRINGFIELD TOWNSHIP  
GALLIA COUNTY**

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

**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	\$52,734	\$66,813	\$14,079
Special Revenue	116,286	211,876	95,590
Total	\$169,020	\$278,689	\$109,669

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$76,822	\$98,405	(\$21,583)
Special Revenue	192,359	249,871	(57,512)
Total	\$269,181	\$348,276	(\$79,095)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$87,276	\$75,743	(\$11,533)
Special Revenue	167,416	136,004	(31,412)
Capital Projects	80,000	80,000	0
Total	\$334,692	\$291,747	(\$42,945)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$94,863	\$69,514	\$25,349
Special Revenue	227,152	187,162	39,990
Capital Projects		80,000	(80,000)
Total	\$322,015	\$336,676	(\$14,661)

Contrary to Ohio law, funds were not properly encumbered prior to incurring obligations during the period. Also contrary to Ohio law, budgetary expenditures exceeded appropriations during the period as well as of December 31, 2003 in the following funds: General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Fire Protective Clothing Fund and Miscellaneous Special Revenue Fund; and as of December 31, 2002 in the Miscellaneous Special Revenue Fund and Charolais Lake Project Fund.

**SPRINGFIELD TOWNSHIP  
GALLIA COUNTY**

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

**4. PROPERTY TAX**

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

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:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$65,000	0.00%

The Ohio Public Works Commission (OPWC) Loan was an interest-free \$80,000 loan for assistance with the Charolais Lake Project. The loan is collateralized with the Township's local government fund monies due from Gallia County.

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

	<u>OPWC Loan</u>
Year ending December 31:	
2004	\$5,000
2005	10,000
2006	10,000
2007	10,000
2008	10,000
2009-2010	<u>20,000</u>
Total	<u><u>\$65,000</u></u>

**6. RETIREMENT SYSTEM**

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**SPRINGFIELD TOWNSHIP  
GALLIA COUNTY**

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

**6. RETIREMENT SYSTEM (Continued)**

Contribution rates are prescribed by the Ohio Revised Code. For 2003 and 2002, members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. At December 31, 2003, the Township owed \$2,496 to the Public Employees Retirement System.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio 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.

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 \$100,000 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.

**SPRINGFIELD TOWNSHIP  
GALLIA COUNTY**

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

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

Financial Position

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

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

**8. OUTSTANDING OBLIGATION**

As of December 31, 2003, the Township had the following outstanding obligation:

<u>Company</u>	<u>Project</u>	<u>Amount Due on Contract</u>
Gallia County Engineer	Charolais Lake Project	\$20,573

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**10. SUBSEQUENT EVENTS**

On July 1, 2004 the Board of Trustees approved the purchase of a tractor in the amount of \$47,951 which will be financed through a bank loan.

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## Auditor of State Betty Montgomery

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

Springfield Township  
Gallia County  
1999 Duly Road  
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, 2003 and 2002, and have issued our report thereon dated November 23, 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 directly and materially affect 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 we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to the Township's management in a separate letter dated November 23, 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2003-003.

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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 of 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider item 2003-003 listed above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Township's management in a separate letter dated November 23, 2004.

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 23, 2004

**SPRINGFIELD TOWNSHIP  
GALLIA COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

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

The Township's legal level of control is at fund, function and object level. Testing throughout the year showed that the Gasoline Tax Fund Repairs and Maintenance line item disbursements significantly exceeded appropriations by \$10,375 or 45% at September 30, 2003 and December 31, 2003.

It was also noted that expenditures exceeded appropriations at December 31, 2003 in the following funds:

<u>Fund</u>	<u>Amount</u>	
General Fund	\$ 21,583	or 28.1%
Motor Vehicle License Tax Fund	\$ 2,216	or 10.2%
Gasoline Tax Fund	\$ 10,992	or 16.3%
Fire Protective Clothing Fund	\$ 10,000	or 100%
Miscellaneous Special Revenue Fund	\$ 39,295	or 100%

Expenditures exceeded appropriations at December 31, 2002 in the following funds:

<u>Fund</u>	<u>Amount</u>	
Miscellaneous Special Revenue Fund	\$ 23,795	or 100%
Charolais Lake Project Fund	\$ 80,000	or 100%

The Township Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Township Clerk may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**FINDING NUMBER 2003-002**

**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.

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.

**SPRINGFIELD TOWNSHIP  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2003-002 (Continued)**

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

**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 (\$1,000 prior to 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.

**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. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) 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.

51% of the expenditures tested in 2002 and 29% of the expenditures tested in 2003 were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund 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 Clerk-Treasurer certify that the 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 Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**SPRINGFIELD TOWNSHIP  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**FINDING NUMBER 2003-003**

**Material Weakness – General Operating Account Monthly Reconciliations**

Accurate monthly reconciliations of the ending bank account balance to the Township's ending book balance were not performed for all months during the audit period by the Township Clerk for the General Operating Account. We performed a proof of cash for the months of March 2003 through December 2003. While performing the proof of cash, we noted receipts which were not timely posted to the Township's accounting system and receipts which were not timely deposited into the Township's bank account.

This resulted in misrepresented financial statements, inaccurate book balances and cumbersome reconciliation procedures. 68 reconciling items were required to bring the financial statements into balance. The Township's financial statements were out of balance by a net amount of \$874. In addition, checks were outstanding for longer than six months in the Township's outstanding check listing.

We recommend that accurate reconciliations of the Township's bank accounts be performed by the Township Clerk on a monthly basis. Accurate listings of outstanding checks and deposits should be maintained and any reconciling items should be documented and investigated to prevent unsupported adjustments from be recorded. We further recommend that the monthly bank reconciliations be reviewed and approved by the Board of Trustees as part of their monthly Board Meetings and signed or initialed by the Board President indicating Board review and approval.

**SPRINGFIELD TOWNSHIP  
GALLIA COUNTY**

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2001-001	Ohio Rev. Code Section 5705.41 (D) states that no orders or contracts involving expenditure of money are to be made unless there is a certificate of the fiscal officer attached.	No.	Not corrected. Reissued as Finding 2003-002.

**SPRINGFIELD TOWNSHIP  
GALLIA COUNTY**

**CORRECTIVE ACTION PLAN  
DECEMBER 31, 2003 AND 2002**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2003-001	The Township Clerk intends to monitor expenditures versus appropriations throughout the year.	June 30, 2005	Casby Meadows, Township Clerk
2003-002	The Township Clerk intends to begin certifying funds prior to incurring obligations.	June 30, 2005	Casby Meadows, Township Clerk
2003-003	The Township Clerk is striving to perform monthly reconciliations.	June 30, 2005	Casby Meadows, Township Clerk





**Auditor of State  
Betty Montgomery**

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**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  
DECEMBER 23, 2004**