



Dave Yost • Auditor of State

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Springfield Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Springfield Township, Gallia County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

June 18, 2014

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$46,566	\$78,390	\$124,956
Charges for Services		13,020	13,020
Licenses, Permits and Fees	3,862		3,862
Intergovernmental	727,248	122,622	849,870
Earnings on Investments	996	144	1,140
Miscellaneous	3,990	450	4,440
<i>Total Cash Receipts</i>	<u>782,662</u>	<u>214,626</u>	<u>997,288</u>
Cash Disbursements			
Current:			
General Government	70,839		70,839
Public Safety		32,631	32,631
Public Works	97,870	150,255	248,125
Health	8,800		8,800
Capital Outlay		25,300	25,300
Debt Service:			
Principal Retirement		12,000	12,000
Interest and Fiscal Charges		3,636	3,636
<i>Total Cash Disbursements</i>	<u>177,509</u>	<u>223,822</u>	<u>401,331</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>605,153</u>	<u>(9,196)</u>	<u>595,957</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets		1,200	1,200
Other Financing Sources	1,467		1,467
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,467</u>	<u>1,200</u>	<u>2,667</u>
<i>Net Change in Fund Cash Balances</i>	606,620	(7,996)	598,624
<i>Fund Cash Balances, January 1</i>	<u>183,446</u>	<u>121,087</u>	<u>304,533</u>
Fund Cash Balances, December 31			
Restricted		113,091	113,091
Unassigned (Deficit)	790,066		790,066
<i>Fund Cash Balances, December 31</i>	<u>\$790,066</u>	<u>\$113,091</u>	<u>\$903,157</u>

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

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$44,442	\$75,365	\$119,807
Charges for Services		14,170	14,170
Licenses, Permits and Fees	2,933		2,933
Intergovernmental	166,070	119,496	285,566
Earnings on Investments	1,048	212	1,260
Miscellaneous	131	270	401
<i>Total Cash Receipts</i>	<u>214,624</u>	<u>209,513</u>	<u>424,137</u>
Cash Disbursements			
Current:			
General Government	51,729		51,729
Public Safety		38,412	38,412
Public Works	85,046	114,464	199,510
Health	11,109		11,109
Capital Outlay		10,000	10,000
Debt Service:			
Principal Retirement		11,500	11,500
Interest and Fiscal Charges		4,154	4,154
<i>Total Cash Disbursements</i>	<u>147,884</u>	<u>178,530</u>	<u>326,414</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>66,740</u>	<u>30,983</u>	<u>97,723</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources		380	380
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>380</u>	<u>380</u>
<i>Net Change in Fund Cash Balances</i>	66,740	31,363	98,103
<i>Fund Cash Balances, January 1</i>	<u>116,706</u>	<u>89,724</u>	<u>206,430</u>
Fund Cash Balances, December 31			
Restricted		121,087	121,087
Assigned	56,665		56,665
Unassigned (Deficit)	126,781		126,781
<i>Fund Cash Balances, December 31</i>	<u>\$183,446</u>	<u>\$121,087</u>	<u>\$304,533</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, 2013 AND 2012**

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 the 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 and bridge maintenance, cemetery maintenance, and fire protection.

The Township participates in 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. Deposits and Investments

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

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

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 Trustees must annually approve appropriation measures and subsequent amendments. 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 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. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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 Deposits

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

	2013	2012
Demand deposits	\$903,157	\$304,533

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, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$910,040	\$784,129	(\$125,911)
Special Revenue	217,408	215,826	(1,582)
Total	\$1,127,448	\$999,955	(\$127,493)

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$260,000	\$177,509	\$82,491
Special Revenue	273,804	223,822	49,982
Total	\$533,804	\$401,331	\$132,473

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$322,559	\$214,624	(\$107,935)
Special Revenue	261,290	209,893	(51,397)
Total	\$583,849	\$424,517	(\$159,332)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$201,300	\$204,549	(\$3,249)
Special Revenue	285,100	178,530	106,570
Total	\$486,400	\$383,079	\$103,321

Contrary to Ohio law, budgetary expenditures approved by the Trustees did not agree to amounts recorded in the Township's accounting system.

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.

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, 2013 was as follows:

	Principal	Interest Rate
USDA Tax Anticipation Bonds - Fire Truck	\$68,800	5%

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.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. Debt (Continued)

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

Year ending December 31:	USDA Tax Anticipation Bonds
2014	\$15,696
2015	15,629
2016	15,740
2017	15,618
2018	15,675
Total	<u>\$78,358</u>

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 these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (Continued)

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.

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, 2013 and 2012 (the latest information available):

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$6,000.

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>	
<u>2013</u>	<u>2012</u>
\$10,233	\$10,750

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.



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INDEPENDENT AUDITOR'S 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Springfield Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 18, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2013-005 described in the accompanying Schedule of Findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-002 and 2013-004 described in the accompanying Schedule of Findings to be significant deficiencies.

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, opining 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 2013-001 through 2013-003.

Entity's Response to Findings

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.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

June 18, 2014

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Noncompliance

Ohio Rev. Code § 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 2012 and 2013. 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), required 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.

Official's Response: We have contacted the Gallia County Deputy Auditor to make sure they post it on our tax settlement. We sent a certificate of indebtedness with our budget each year to the Gallia County Auditor.

FINDING NUMBER 2013-002

Noncompliance/Significant Deficiency

Ohio Rev. Code § 5705.40 provides, in part, that a subdivision may amend or supplement its appropriation measure provided the entity complies with the same provisions of law as are used in making the original appropriation. In addition, Ohio courts have held that a board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another. Following such reasoning, a Township Board of Trustees would be prohibited from delegating duties statutorily assigned to it, such as the duty of amending appropriations. See C.B. Transportation, Inc. v. Butler County Board of Mental Retardation, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979); Burkholder v. Lauber, 6 Ohio Misc. 152, 216 N.E.2d (C.P. 1965).

At December 31, 2013, appropriations as approved by the Board of Trustees did not agree to the Township's accounting system. The variances are as follows:

Fund	Appropriations		
	Per Appropriation Measure	Per UAN System	Variance
General	\$260,000	\$270,000	(\$10,000)
Motor Vehicle License Tax	13,000	12,533	467
Gasoline Tax	129,000	117,995	11,005
Road and Bridge	26,000	24,108	1,892
Fire Levy	64,804	111,536	(46,732)
Permissive Motor Vehicle License Tax	41,000	34,127	6,873

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

FINDING NUMBER 2013-002 (Continued)

Noncompliance/Significant Deficiency – Ohio Rev. Code § 5705.40 (Continued)

At December 31, 2012, appropriations as approved by the Township's Board of Trustees did not agree to the Township's accounting system for the Fire Fund as follows:

Fund	Appropriations		
	Per Appropriation Measure	Per UAN System	Variance
Fire Levy	\$93,600	\$94,653	(\$1,053)

An adjustment was made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present appropriations approved by the Board of Trustees.

We recommend the Board of Trustees approve all appropriation amendments, record approval in the Board minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Fiscal Officer should only post legislatively approved amendments.

Official's Response: I will have the Trustees approve all amendments, and record approval in the minutes so we do not exceed estimated resources.

FINDING NUMBER 2013-003

Noncompliance

Ohio Rev. Code § 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 §§ 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.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-003 (Continued)

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

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.

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.

The Fiscal Officer did not certify the availability of funds for 46% of transactions tested during 2012 and 2013. Additionally, the Township had \$56,665 in unrecorded encumbrances at December 31, 2012. 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, and approved by resolution of the Township Trustees, where applicable.

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 § 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 § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Official’s Response: I will discuss with the Trustees and try to resolve. We will reestablish the purpose of the PO status report and have them discuss this with the employees.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

FINDING NUMBER 2013-004

Significant Deficiency

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2013, estimated resources as approved by the Budget Commission did not agree to the Township's accounting system. The variances and funds are as follows:

<u>Fund</u>	<u>Estimated Receipts</u>		
	<u>Per Amended Certificate</u>	<u>Per UAN System</u>	<u>Variance</u>
General	\$910,040	\$849,060	\$60,980
Motor Vehicle License Tax	11,421	11,475	(54)
Gasoline Tax	90,000	90,150	(150)
Road and Bridge	30,433	19,433	11,000
Fire Levy	67,519	66,819	700
Permissive Motor Vehicle License Tax	18,036	18,198	(162)

At December 31, 2012, estimated resources as approved by the Budget Commission did not agree to the Township's accounting system. The variances and funds are as follows:

<u>Fund</u>	<u>Estimated Receipts</u>		
	<u>Per Amended Certificate</u>	<u>Per UAN System</u>	<u>Variance</u>
General	\$322,559	\$234,929	\$87,630
Motor Vehicle License Tax	19,754	20,100	(346)
Gasoline Tax	127,000	100,250	26,750
Road and Bridge	27,818	18,477	9,341
Fire Levy	58,718	70,279	(11,561)

Due to budgetary information being improperly entered into the system, the management of the Township lost some degree of budgetary control. An adjustment was made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as approved by the Budget Commission.

We recommend the Fiscal Officer accurately post estimated receipts as certified by the County Budget Commission. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Official's Response: I will try to do a better job to accurately post estimated receipts as certified by the county budget commission to ensure a more useful comparison of budget versus actual therefore providing a more accurate monitoring tool throughout the year.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-005

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:

In 2012:

- Homestead and rollback receipts were posted to taxes, some entirely to the General Fund, resulting in a decrease in taxes in the General Fund of \$6,907, in the Road & Bridge Fund of \$2,234, and in the Fire Fund of \$5,779, with an increase to intergovernmental in the General fund of \$6,795, in the Road & Bridge Fund of \$2,265 and in the Fire Fund of \$5,860.
- A manufactured home tax settlement was posted entirely to the General Fund, resulting in a decrease in taxes in the General Fund of \$699, and an increase to taxes in the Road & Bridge Fund of \$195 and in the Fire Fund of \$504.
- Certain intergovernmental receipts were posted at net. Posting at gross resulted in an increase in intergovernmental in the General Fund of \$3,198, in the Road & Bridge Fund of \$8 and in the Fire Fund of \$20. A corresponding increase was made to expenditures to general government in the General fund, to public works in the Road & Bridge Fund and to Public Safety in the Fire Fund.
- An intergovernmental receipt was posted as a license, permit and fee receipt in the General Fund resulting in a decrease of license, permits and fees of \$1,425 and an increase to intergovernmental.
- A prior period adjustment was posted as a receipt in the Gasoline Tax Fund rather than a beginning balance adjustment, resulting in a decrease of intergovernmental receipts of \$4,000 and an increase in beginning fund balance.
- A purchase of equipment was posted as public works in the Gasoline Tax Fund but was equipment to be used by the Fire Fund. As a result, the public works expenditures in the Gasoline Tax Fund were reduced \$10,000 and with an increase in the Fire Fund to capital outlay.
- Road paving that was paid from the General Fund was posted as a health expenditure and was reclassified as public works in the amount of \$40,700.
- Debt payment for Fire Fund debt was posted as public safety expenditures, resulting in a decrease of public safety of \$15,654 and an increase to debt service principal of \$11,500 and debt service interest of \$4,154.
- All other Fire Fund expenditures posted as general government in the amount of \$37,257 were reclassified to public safety expenditures.
- Employees responsible for road maintenance were paid from the General Fund general government. This was reclassified to public works in the amount of \$28,460.
- Voiding of outstanding checks issued in the prior year incorrectly changed beginning fund balance, resulting in a decrease of general government expenditures of \$1,036 and a decrease in beginning fund balance in the General Fund.
- An unrecorded encumbrance of \$56,665 was noted in the General Fund at December 31, resulting in an increase to assigned fund balance and a decrease to unassigned fund balance.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-005 (Continued)

Material Weakness (Continued)

- Fund balances in the Motor Vehicle License (MVL) Fund, Gasoline Tax Fund, Road & Bridge Fund and Permissive MVL fund were incorrectly classified as assigned when they should be restricted. This resulted in decreasing assigned fund balance and increasing restricted fund balance by \$2,135 in the MVL Fund, \$29,264 in the Gasoline Tax Fund, \$8,757 in the Road & Bridge Fund, and \$16,326 in the Permissive MVL Fund. Additionally, fund balance changes due to the above adjustments were also posted to restricted fund balance in these funds.

In 2013:

- Homestead and rollback receipts were posted to taxes, some entirely to the General Fund, resulting in a decrease in taxes in the General Fund of \$10,960 in the Road & Bridge Fund of \$1,205, and in the Fire Fund of \$3,119, with an increase to intergovernmental in the General fund of \$6,960, in the Road & Bridge Fund of \$2,320 and in the Fire Fund of \$6,004.
- A permissive MVL tax receipt was posted as a general fund intergovernmental receipt resulting in a decrease of \$1,751 in the General Fund intergovernmental and an increase in the Permissive MVL Fund taxes.
- A local government receipt was posted as taxes in the General Fund resulting in a decrease of taxes of \$2,254 and an increase of intergovernmental.
- Certain intergovernmental receipts were posted at net. Posting at gross resulted in an increase in intergovernmental in the General Fund of \$1,244, in the Road & Bridge Fund of \$10 and in the Fire Fund of \$27. A corresponding increase was made to expenditures to general government in the General fund, to public works in the Road & Bridge Fund and to Public Safety in the Fire Fund.
- An intergovernmental receipt was posted as a license, permit and fee receipt in the General Fund resulting in a decrease of license, permits and fees of \$408 and an increase to intergovernmental.
- A refund for an overpayment of an invoice was posted as intergovernmental in the General Fund resulting in a decrease of intergovernmental of \$4,000 and an increase to miscellaneous revenue.
- A sale of a truck was posted as intergovernmental in the Fire Fund resulting in a decrease of intergovernmental of \$1,200 and an increase of sale of assets.
- The township had an agreement with Gallia County for paving to be paid from the CDBG grant. The township did not record the activity paid by the CDBG grant on behalf of the township resulting in an increase of \$22,200 in intergovernmental receipts and public works expenditures in the Gasoline Tax Fund.
- Road paving that was paid from the General Fund was posted as a health expenditure and was reclassified as public works in the amount of \$56,665.
- Purchase of equipment in the Fire Fund was not posted as capital outlay resulting in an increase to capital outlay expenditures of \$25,300 and a decrease of general government of \$17,800 and public safety of \$7,500.
- Debt payment for Fire Fund debt was posted as general government expenditures, resulting in a decrease of general government of \$15,636 and an increase to debt service principal of \$12,000 and debt service interest of \$3,636.
- All other Fire Fund expenditures posted as general government in the amount of \$29,724 were reclassified to public safety expenditures.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-005 (Continued)

Material Weakness (Continued)

- Employees responsible for road maintenance were paid from the General Fund general government. This was reclassified to public works in the amount of \$31,404.
- Cemetery mowing expenditures were posted as general government in the General Fund. This was reclassified to health in the amount of \$8,800.
- Due to reconciliation errors, miscellaneous receipts were reduced \$10 and general government expenditures were increased \$198 in the General Fund.
- Voiding of outstanding checks issued in the prior year incorrectly changed beginning fund balance change, resulting in a decrease of general government expenditures of \$653 and a decrease in beginning fund balance in the General Fund as well as a decrease of \$30 in public safety expenditures in the Fire Fund and a decrease in beginning fund balance.
- Fund balances in the Motor Vehicle License (MVL) Fund, Gasoline Tax Fund, Road & Bridge Fund and Permissive MVL fund were incorrectly classified as committed when they should be restricted. This resulted in decreasing committed fund balance and increasing restricted fund balance by \$4,861 in the MVL Fund, \$20,990 in the Gasoline Tax Fund, \$5,998 in the Road & Bridge Fund, and \$25,615 in the Permissive MVL Fund. Additionally, fund balance changes due to the above adjustments were also posted to restricted fund balance in these funds.

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.

Official's Response: I will do a better job posting in the correct areas.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Noncompliance citation of Ohio Rev. Code Section 5705.09 for failure to establish a bond retirement fund.	No	Not Corrected: See Finding Number 2013-001 in the accompanying Schedule of Findings.
2011-002	Noncompliance citation of Ohio Rev. Code Section 5705.41(D)(1) for not properly encumbering.	No	Note Corrected: See Finding Number 2013-003 in the accompanying Schedule of Findings.
2011-003	Noncompliance citation/significant deficiency of Ohio Rev. Code Section 5705.40 for system appropriations not agreeing to approved amounts.	No	Not Corrected: See Finding Number 2013-002 in the accompanying Schedule of Findings.
2011-004	Noncompliance citation of Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Partially Corrected: See noncompliance citation in the Management Letter.
2011-005	Significant deficiency for system estimated receipts not agreeing to approved amounts.	No	Not Corrected: See Finding Number 2013-004 in the accompanying Schedule of Findings.
2011-006	Material weakness for improper posting of receipts and expenditures.	No	Not Corrected: See Finding Number 2013-005 in the accompanying Schedule of Findings.



Dave Yost • 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
JULY 01, 2014**