



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Springfield Township
Clark County
705 East Leffel Lane
Springfield, Ohio 45505

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township (the Township) as of and for the years ended December 31, 2001 and 2000. 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.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

September 16, 2002

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$6,470	\$1,439,986	\$258,432	\$1,704,888
Intergovernmental	1,330,088	244,606	22,756	1,597,450
Special Assessments	4,615			4,615
Licenses, Permits, and Fees		74,754		74,754
Earnings on Investments	237,847	19,257		257,104
Other Revenue	199,743	8,352	6,501	214,596
Total Cash Receipts	<u>1,778,763</u>	<u>1,786,955</u>	<u>287,689</u>	<u>3,853,407</u>
Cash Disbursements:				
Current:				
General Government	420,898	34,439		455,337
Public Safety		534,949	3,149	538,098
Public Works	45,109	451,077		496,186
Health		142,128		142,128
Miscellaneous		64,658		64,658
Capital Outlay	91,185	441,859	205,308	738,352
Total Cash Disbursements	<u>557,192</u>	<u>1,669,110</u>	<u>208,457</u>	<u>2,434,759</u>
Total Receipts Over/(Under) Disbursements	<u>1,221,571</u>	<u>117,845</u>	<u>79,232</u>	<u>1,418,648</u>
Fund Cash Balances, January 1, 2001	<u>3,619,922</u>	<u>1,385,044</u>	<u>723,019</u>	<u>5,727,985</u>
Fund Cash Balances, December 31, 2001	<u>\$4,841,493</u>	<u>\$1,502,889</u>	<u>\$802,251</u>	<u>\$7,146,633</u>
Reserve for Encumbrances, December 31, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>NonExpendable Trust Fund Type</u>
Cash Receipts:	
Interest	<u>\$1,355</u>
Total Cash Receipts	1,355
Fund Cash Balance, January 1, 2001	<u>30,934</u>
Fund Cash Balance, December 31, 2001	<u><u>\$32,289</u></u>

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

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$4,896	\$1,064,863	\$261,680	\$1,331,439
Intergovernmental	3,395,285	149,764	43,812	3,588,861
Special Assessments	4,456			4,456
Licenses, Permits, and Fees		21,178		21,178
Earnings on Investments	104,688	15,222		119,910
Other Revenue	116,059	122,734	20,000	258,793
	<u>3,625,384</u>	<u>1,373,761</u>	<u>325,492</u>	<u>5,324,637</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	373,439	29,365		402,804
Public Safety		194,786	3,085	197,871
Public Works	60,706	436,295		497,001
Health		139,193		139,193
Miscellaneous		77,631	2,243	79,874
Capital Outlay	72,437	30,201	193,985	296,623
	<u>506,582</u>	<u>907,471</u>	<u>199,313</u>	<u>1,613,366</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>3,118,802</u>	<u>466,290</u>	<u>126,179</u>	<u>3,711,271</u>
Fund Cash Balances, January 1, 2000	<u>501,120</u>	<u>918,754</u>	<u>596,840</u>	<u>2,016,714</u>
Fund Cash Balances, December 31, 2000	<u>\$3,619,922</u>	<u>\$1,385,044</u>	<u>\$723,019</u>	<u>\$5,727,985</u>
Reserve for Encumbrances, December 31, 2000	<u>\$0</u>	<u>\$8,700</u>	<u>\$0</u>	<u>\$8,700</u>

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

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>NonExpendable Trust Fund Type</u>
Cash Receipts:	
Interest	\$437
Other Revenue	<u>19,349</u>
Total Cash Receipts	19,786
Fund Cash Balance, January 1, 2000	<u>11,148</u>
Fund Cash Balance, December 31, 2000	<u><u>\$30,934</u></u>

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

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Springfield Township, Clark County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township'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 reported as assets. 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 and overnight sweep account are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Fire District Fund - This fund receives property tax money for fire protection and fire facilities for the residents of the Township.

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Fire Equipment Levy Fund – This fund receives property tax money for capital equipment for fire protection services.

Emergency Medical Services Equipment Fund – This fund receives tax money for capital equipment for emergency medical services.

4. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Cemetery Non-Expendable Trust Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for indigent burial expenses.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	(\$2,041)	(\$17,128)
Certificates of deposit	807,867	762,335
Total deposits	805,826	745,207
 Repurchase agreement	 6,373,096	 5,013,712
Total investments	6,373,096	5,013,712
Total deposits and investments	\$7,178,922	\$5,758,919

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

Investments: The overnight repurchase agreement is collateralized by the financial institution's public entity investment pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,404,826	\$1,778,763	\$373,937
Special Revenue	1,792,601	1,786,955	(5,646)
Capital Projects	295,397	287,689	(7,708)
Fiduciary	3,150	1,355	(1,795)
Total	\$3,495,974	\$3,854,762	\$358,788

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,938,700	\$557,192	\$4,381,508
Special Revenue	2,927,548	1,669,110	1,258,438
Capital Projects	889,000	208,457	680,543
Fiduciary	32,802	0	32,802
Total	<u>\$8,788,050</u>	<u>\$2,434,759</u>	<u>\$6,353,291</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$494,884	\$3,625,384	\$3,130,500
Special Revenue	1,295,604	1,373,761	78,157
Capital Projects	291,761	325,492	33,731
Fiduciary	0	19,786	19,786
Total	<u>\$2,082,249</u>	<u>\$5,344,423</u>	<u>\$3,262,174</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,045,900	\$506,582	\$539,318
Special Revenue	2,210,128	916,171	1,293,957
Capital Projects	710,500	199,313	511,187
Fiduciary	10,302	0	10,302
Total	<u>\$3,976,830</u>	<u>\$1,622,066</u>	<u>\$2,354,764</u>

4. PROPERTY TAX

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

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. RETIREMENT SYSTEMS

The Township's 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS participants contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

7. NONCOMPLIANCE

Contrary to Ohio law, the Township did not routinely deposit receipts in a timely manner, enter into written contracts or include prevailing wage language, certify the availability of funds, authorize necessary tax rates, or properly distribute interest among funds.

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

Springfield Township
Clark County
705 East Leffel Lane
Springfield, Ohio 45505

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Clark County (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated September 16, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2001-40312-001 through 2001-40312-007. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated September 16, 2002.

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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-40312-008 through 2001-40312-013.

**Internal Control Over Financial Reporting
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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. However, of the reportable conditions described above, we consider items 2001-40312-008 through 2001-40312-011 to be material weaknesses. We also noted other matters involving the internal control over financial reporting and its operation that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated September 16, 2002.

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



Jim Petro
Auditor of State

September 16, 2002

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-40312-001

Finding for Recovery – Repaid During Audit

The Township made payments to Morton International from both the invoice and the statements. The following duplicate payments were noted.

On December 31, 2000, check #26727 was paid to Morton International for the payment of invoices 716835, 719045, and 727014 totaling \$7,397.71. This amount was paid in full from the statement dated December 5, 2000.

On January 22, 2001, check #26808, in the amount of \$12,372.41, was paid to Morton International for payment of the three previously mentioned invoices, and invoices 729180, and 735358. This amount was paid in full from the statement dated January 8, 2001. Morton International was therefore overpaid \$7,397.71.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Herbert Greer, Clerk; Ronald Lowe and Doug Smith, Trustees; and Rice Insurance, their bonding company, jointly and severally, in the amount of \$7,397.71.

The Township received a full refund from Morton International on May 16, 2002. The Township should develop and implement procedures to preclude double payment of obligations.

NONCOMPLIANCE CITATIONS

FINDING NUMBER 2001-40312-002

Ohio Rev. Code Section 9.38 states that public money must be deposited with the Treasurer of the public office or to a designated depository on the business day following the date of receipt.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

The Zoning Inspector collected money for zoning permits and applications for zoning changes. The Zoning Inspector routinely wrote receipts then placed the money in a locked briefcase until the end of the month, when the money was given to the Secretary to deposit in the bank. Zoning fee collections totaled approximately \$1,800 per month.

The Board of Trustees should review the procedures regarding deposits of funds and implement adequate controls to safeguard these assets.

FINDING NUMBER 2001-40312-003

Ohio Rev. Code Sections 153.51 and 153.52 require that a contract be made directly with the contractor(s) upon the terms, conditions, and limitations of the bid. The Township failed to enter into formal, written binding contracts for expenditures totaling \$796,551 and did not verify that the contractors who were awarded the contracts agreed to pay the prevailing wage rates. This practice could allow the contractor to violate the terms and conditions of the project.

The Township should implement policies and procedures that would require that management enter into formal, written binding agreements with contractors to establish clear communication between the Township and contractors as to the terms and conditions of the project.

FINDING NUMBER 2001-40312-004

Ohio Rev. Code Section 5705.41(D), states that no order or contract involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Ohio Rev. Code Section 5705.41 (D)(1) provides that if prior certification of funds by the fiscal officer was not obtained before the contract or order involving the expenditure of money was made, as described above, then the fiscal officer may instead certify that there was at the time of the making of such contract or order and at the time of the execution of such certificate a sufficient sum was appropriated for the purpose of such contract and in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. When the fiscal officer is using a "then and now" certificate and the amount certified exceeds \$1,000, the fiscal officer must obtain the taxing authority's approval by resolution or ordinance. This approval must be obtained within 30 days of the taxing authority's receipt of the certificate.

The Township Clerk did not certify that funds were free from prior encumbrances for \$83,447 or 95.38% of expenditures tested, including the exception above.

FINDING NUMBER 2001-40312-005

Ohio Rev. Code Section 5705.34 states that each taxing authority is to pass an ordinance or resolution to authorize the necessary tax levies. Each authority is to certify the levies to the County Auditor before October 1st, unless a later date is approved by the tax commissioner.

The Board of Trustees did not authorize the necessary tax rates for 2001 or 2000. The Board of Trustees should authorize the necessary tax levies before October 1st and the action should be recorded in the record of proceedings.

FINDING NUMBER 2001-40312-006

Ohio Rev. Code Sections 4115.04 and 4115.05 require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project they are going to bid before such a project is bid and again when the contract is awarded. If the award is made more than 90 days after the original prevailing wage is determined, they then need to make sure that the contractors who are awarded the contracts agree, in the contract, to pay the prevailing wage. The Township entered into various projects for concrete work, road paving, and fencing that did not include documentation for the requirement of prevailing wages.

The Township should develop and implement procedures to provide that prevailing wage language is included in all applicable projects performed by outside contractors, to prevent the underpayment of laborers and reduce the potential liability to the Township for any underpayment.

FINDING NUMBER 2001-40312-007

Ohio Rev. Code Section 135.21 states that all interest earned must be credited to the general fund of the subdivision, with the following exceptions:

- Interest earned on money derived from a motor vehicle license or fuel tax must follow the principal.
- Interest earned on the principal of a non-expendable trust fund that has been established for the purpose of receiving donations or contributions that the donor or contributor requires to be maintained intact must be credited to the non-expendable trust fund to which the principal belongs.

Interest received during 2001 and 2000 was incorrectly distributed among the various funds of the Township, including the Fire District, Fire District Levy, Road District, Zoning, Motel Use Tax, EMS Levy, Fire Equipment Levy and EMS Equipment Levy funds. Additionally, the Township did not credit interest earned to the Cemetery Non-Expendable Trust Fund.

The Township clerk should credit interest only to the appropriate funds as provided above, including the Cemetery Trust Fund. The accompanying financial statements have been adjusted to properly reflect interest distributions.

MATERIAL WEAKNESSES

FINDING NUMBER 2001-40312-008

Disbursements Procedures

The Township did not have adequate internal control procedures to allow for review and approval of purchases prior to the obligation being incurred. The following problems were noted when reviewing non-payroll disbursements:

- Expenditures were made without a purchase order for 95% of expenditures tested.
- Expenditures were not posted to the correct line item account for 13% of expenditures tested.
- The Township failed to obtain the signature of at least two Trustees on all checks for 17% of expenditures tested.

Failure to correct these weaknesses and failure of the Trustees to properly approve and monitor expenditures could result in the misappropriation or diversion of funds; improper posting of expenditures to the Township's financial ledgers resulting in inaccurate financial reporting; or deficit spending of Township funds.

**FINDING NUMBER 2001-40312-008
(Continued)**

Procedures should be developed and implemented to provide that:

- Purchase orders are completed prior to any obligation of funds occurring;
- Expenditures are paid from the original invoice after proper approval by the Trustees and posted to the proper fund/account;
- Checks are reviewed for proper signatures prior to mailing.

FINDING NUMBER 2001-40312-009

Monthly Financial Reports

Review of the minutes noted that the Trustees were not consistently receiving/approving the Clerk's monthly Revenue and Expenditure Reports. In 2000, 5 of the 12 reports were not received by the Trustees and in 2001, 3 of the 12 reports were not received by the Trustees.

For each regular meeting, the Clerk should provide the Trustees with detailed budget and actual financial statements, lists of investments, cash balances, and reconciliation reports. The duties of the Trustees include the management and control of the finances and property of the Township. To properly perform these duties, the Trustees should review financial reports and monitor the budget. The Trustees should carefully review the information and make appropriate inquiries to determine the continued integrity of financial information.

The Trustees should investigate any failures to meet reporting requirements and/or unusual delays in obtaining financial information or providing financial reports.

Additionally, if the reports are prepared each month and given to the Board, the minutes should reflect this activity. The record of proceedings is the official record of action taken by the Board and should reflect all action taken.

FINDING NUMBER 2001-40312-010

Posting of Financial Activity

The financial statements should reflect an accurate account of the Township's activity. Numerous misclassifications of revenue, expenditures, and intra-fund transfers were made to the Township's 2001 and 2000 financial records, including duplicate postings of interest, omission of revenue, and posting items to incorrect funds.

Inaccurate financial reporting impeded the ability of the Trustees to make informed management decisions.

The Township should develop internal control procedures to provide for accurate reporting of financial activity. This should include routine review of all financial records by someone other than the Clerk.

FINDING NUMBER 2001-40312-011

Cash Reconciliations

Numerous errors noted in the Township's cash reconciliation process, including voided checks listed as outstanding checks. Additionally, approximately \$26,000 of interest revenue was double posted but not found during the Township's reconciliation process. The Clerk should prepare timely and accurate reconciliations to provide management with accurate reconciled balances. Lack of timely and accurate information impedes the Trustees' ability to make proper decisions regarding Township activities.

The Township should develop internal control procedures that will allow the Trustees to monitor the timely completion of reconciliations, and also include approval as to the accuracy of the reconciliations as a specific item of business in the Board's minutes. For better segregation of duties over the reconciliation process, personnel separate from the financial recording should periodically prepare the monthly reconciliation or detailed reviews should be performed by independent personnel.

REPORTABLE CONDITIONS

FINDING NUMBER 2001-40312-012

Interest Revenue

Interest revenue was receipted only two times during 2000 and only at year end in 2001. Failure to post interest earnings in a timely manner understates the monthly revenue reports submitted for the Trustees use in decision making, and hampers the monthly reconciliation process.

The Township should post interest revenue to the ledgers in a timely manner to provide an accurate listing of revenues, and to reduce the potential for errors in monthly reconciliations.

FINDING NUMBER 2001-40312-013

Audit Committee

The Township should establish an audit committee to serve as a liaison between management and its auditors. The primary functions of such a committee are to monitor and review the Township's accounting and financial reporting practices, and to follow up on citations and recommendations made by its auditors.

The Audit Committee should be actively involved in:

- Meeting with the Township's independent auditors before and after each audit;
- Monitoring the progress of the financial and compliance audit;
- Evaluating the results of the financial and compliance audit; and
- Ensuring that the internal control and legal compliance issues identified in the audit are promptly and effectively remedied.

In addition, the audit committee should meet regularly (perhaps quarterly) to monitor the Township's legal compliance, financial condition, and controls over the safeguarding of assets.

The audit committee can include members of the Board of Trustees. However, it can also include representation that is independent from elected officials or management. The committee could include professionals knowledgeable in the Township's financial operations, such as attorneys or bankers.

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40312-001	ORC 5705.10 Crediting of interest earned	No	Not corrected. Reissued as finding 2001-40312-007
1999-40312-002	ORC 5705.41(D) Certification of Expenditures	No	Not corrected. Reissued as finding 2001-40312-004
1999-40312-003	Trial Balance adjustments	No	Not corrected. Reissued as finding 2001-40312-010



STATE OF OHIO
OFFICE OF THE AUDITOR

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SPRINGFIELD TOWNSHIP

CLARK 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
OCTOBER 8, 2002**