

**SPRINGCREEK TOWNSHIP**

MIAMI COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2009 - 2008





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Springcreek Township  
7730 N. Union-Shelby Road  
Piqua, Ohio 45356

We have reviewed the *Independent Auditors' Report* of Springcreek Township, Miami County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Springcreek Township is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA  
Auditor of State

June 24, 2010

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**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

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**MANNING & ASSOCIATES CPAS, LLC**  
**6105 NORTH DIXIE DRIVE**  
**DAYTON, OHIO 45414**

**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Springcreek Township  
7730 N. Union-Shelby Rd.  
Piqua, Ohio 45356

To the Board of Trustees:

We have audited the accompanying financial statements of the Springcreek Township, Miami County, (the Township) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 4, 2010

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**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

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

	<b>GOVERNMENTAL FUND TYPES</b>		
	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 32,893	\$ 77,350	\$ 110,243
Charges for Services	0	18,718	18,718
Intergovernmental Receipts	66,220	93,644	159,864
Special Assessments	840	0	840
Earnings on Investments	2,735	2,292	5,027
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	102,688	192,004	294,692
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	135,728	0	135,728
Public Safety	0	80,375	80,375
Public Works	5,782	203,412	209,194
Health	590	0	590
Capital Outlay	1,281	0	1,281
Debt Service:			
Redemption of Principal	11,587	0	11,587
Interest and Other Fiscal Charges	1,969	0	1,969
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	156,937	283,787	440,724
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(54,249)	(91,783)	(146,032)
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, January 1</b>	435,177	313,408	748,585
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	\$ 380,928	\$ 221,625	\$ 602,553
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Notes to the Financial Statements are an integral part of this statement.

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

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

	<b>GOVERNMENTAL FUND TYPES</b>		
	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 32,434	\$ 70,466	\$ 102,900
Charges for Services	0	26,094	26,094
Intergovernmental Receipts	134,407	99,439	233,846
Special Assessments	1,383	0	1,383
Earnings on Investments	8,298	5,532	13,830
Miscellaneous	688	0	688
	<u>177,210</u>	<u>201,531</u>	<u>378,741</u>
<b>Total Cash Receipts</b>			
	<u>177,210</u>	<u>201,531</u>	<u>378,741</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	147,491	0	147,491
Public Safety	4,542	81,327	85,869
Public Works	4,657	89,426	94,083
Capital Outlay	548	0	548
Debt Service:			
Redemption of Principal	10,980	0	10,980
Interest and Other Fiscal Charges	2,576	0	2,576
	<u>170,794</u>	<u>170,753</u>	<u>341,547</u>
<b>Total Cash Disbursements</b>			
	<u>170,794</u>	<u>170,753</u>	<u>341,547</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>6,416</u>	<u>30,778</u>	<u>37,194</u>
<b>Other Financing Receipts/(Disbursements)</b>			
Sale of Fixed Assets	200	0	200
<b>Excess of Cash and Other Financing Receipts Over/ (Under) Cash and Other Financing Disbursements</b>	<u>6,616</u>	<u>30,778</u>	<u>37,394</u>
<b>Fund Cash Balances, January 1</b>	<u>428,561</u>	<u>282,630</u>	<u>711,191</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 435,177</u>	<u>\$ 313,408</u>	<u>\$ 748,585</u>

The Notes to the Financial Statements are an integral part of this statement.

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Springcreek Township, Miami County, Ohio (the Township) is a body politic and corporate established in 1807 for the purpose of exercising 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 the following services: police and fire protection, road and bridge maintenance, cemetery maintenance, and emergency medical services as well as general governmental services. The Township contracts with the Fletcher-Brown Township Fire Department and the City of Piqua for fire protection and emergency ambulance services. Police protection is provided by the Miami County Sheriffs' 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 a payment is made 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**

The Township's accounting basis includes investments as assets. The basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains and losses at the time of sale as receipts of disbursements, respectively.

**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:

**General Fund:**

The General Fund reports all financial resources except those required by law or contract to be restricted. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

**D. Fund Accounting** (Continued)

**Special Revenue Funds:**

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

**Gasoline Tax Fund** – This fund accounts for gasoline tax receipts and their use as they pertain to the Township’s roads.

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

**Fire Levy Fund** – This fund receives tax revenues from residents and pays Fletcher-Brown Township Fire Department and City of Piqua to provide fire services.

**E. Budgetary Process**

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

**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. Appropriations lapse at year-end.

**Estimated Resources**

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

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled, and reappropriated in subsequent year.

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

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH 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:

	<u>2009</u>	<u>2008</u>
Demand Deposits	\$ <u>602,553</u>	\$ <u>748,585</u>

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

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2009 was as follows:

**2009 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 102,688	\$ 102,688	\$ 0
Special Revenue	192,004	192,004	0
Total	<u>\$ 294,692</u>	<u>\$ 294,692</u>	<u>\$ 0</u>

**2009 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 537,865	\$ 156,937	\$ 380,928
Special Revenue	504,445	283,787	220,658
Total	<u>\$ 1,042,310</u>	<u>\$ 440,724</u>	<u>\$ 601,586</u>

Budgetary activity for the year ending December 31, 2008 was as follows:

**2008 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 160,563	\$ 177,410	\$ 16,847
Special Revenue	222,399	201,531	(20,868)
Total	<u>\$ 382,962</u>	<u>\$ 378,941</u>	<u>\$ (4,021)</u>

**2008 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 589,123	\$ 170,794	\$ 418,329
Special Revenue	505,029	170,753	334,276
Total	<u>\$ 1,094,152</u>	<u>\$ 341,547</u>	<u>\$ 752,605</u>

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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**3. BUDGETARY ACTIVITY (Continued)**

Ohio Rev. Code Section 5705.36 requires all subdivision to request reduced amended certificates upon determination that revenue will be less than the official certificate of estimated resources. Contrary to Ohio Law, estimated resources exceeded actual receipts in 2008 in the Motor Vehicle License, Gasoline Tax, Road and Bridge and Fire District funds by \$2,134, \$5,833, \$1,586 and \$11,316, respectively.

**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. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. DEBT**

Debt Outstanding at December 31, 2009, was as follows:

	<u>Principal</u>	<u>Interest</u>
Unity National Loan	\$ 30,679	5.25%

In May 2007 the Township entered into a five year note with Unity National Bank for \$59,382 at 5.25% interest for the purchase of a new International Truck. The note is to be paid in monthly installments through May 2012.

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

<u>Year Ending December 31:</u>	<u>Unity National Bank Truck Note</u>
2010	\$13,556
2011	13,557
2012	5,648
Total	\$32,761

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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**6. RETIREMENT SYSTEM**

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

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

**7. RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation. The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risksharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

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

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

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

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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**7. RISK MANAGEMENT (Continued)**

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

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.

**Contributions to OTARMA**

2009	\$3,399
2008	\$4,143
2007	\$8,835

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

**8. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 4, 2010, the date on which the financial statements were available for issue. The review did not reveal any subsequent events which would warrant inclusion here.

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**MANNING & ASSOCIATES CPAS, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

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

Springcreek Township  
Miami County  
7730 N. Union-Shelby Rd.  
Piqua, Ohio 45356

To the Board of Trustees:

We have audited the financial statements of Springcreek Township, Miami County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 4, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified 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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

### **Internal Control Over Financial Reporting, (continued)**

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2009-002 described in the accompanying schedule of findings to be a significant deficiency.

### **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 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 or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompany schedule of findings as items 2009-002 and 2009-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 4, 2010.

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

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

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 4, 2010

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

**Material Weakness**

**Ohio Admin Code Section 117-2** provides that the Township Fiscal Officer shall keep the books of the Township; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Township and income derived. In addition, Ohio Admin Code Section 117-2-02(A) states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code. The Township did not maintain an accurate record of all monies received and disbursed. Adjustments were needed to reclassify receipts and expenditures to proper accounts. The following were noted:

- In 2009 and 2008, debt payments were improperly reflected as capital outlays
- Miscellaneous receipts and disbursements were posted as other financing sources and uses, adjustments were needed to properly reflect these receipts and disbursements
- Bank reconciliations were not always done on a monthly basis

Failure to provide accurate and complete financial information limits management's resources for decision making and can provide a false perception of the Township's financial position. Failure to accurately prepare and reconcile the accounting records reduces the accountability over Township funds, reduces the Trustees ability to monitor financial activity, increases the likelihood that monies will be misappropriated and not detected and increases likelihood that the Township's financial statements will be misstated.

Response: The Fiscal Officer will review the Township handbook for proper reporting of receipts and disbursements and will make an effort to prepare bank reconciliations in a timely manner.

**FINDING NUMBER 2009-002**

**Significant Deficiency**

**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 receipt. If the amount of the 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, if properly secured, but the deposit must be made no later than 3 business days after being received.

To reduce the risk of misappropriation of Township assets and to comply with the abovementioned section of code, all cash collections should be deposited within the 24 hour requirement or a policy be adopted by the Township that permits officials to hold any money under the \$1,000 threshold for no more than 3 business days, if properly secured. Additionally, procedures should be implemented to provide that the Fiscal Officer deposit all receipts to the bank in a timely and complete manner.

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2009-002, continued**

General receipts were not found to have been deposited in a timely manner. Of the manual checks reviewed, 75 percent and 64 percent for 2009 and 2008, respectively, were noted as being deposited 10 days or more after the issue date on the check.

Response: The Township will review current procedures and make any necessary changes.

**FINDING NUMBER 2009-003**

**Noncompliance**

**Ohio Rev. Code Section 5705.36** allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below that current level of appropriation. In 2008, the Township had estimated receipts which exceeded actual in all funds as follows:

<u>Fund</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Motor Vehicle License	\$ 10,835	\$ 8,701	(\$ 2,134)
Gasoline Tax	99,619	93,786	(5,833)
Road and Bridge	25,587	24,001	(1,586)
Fire District	86,358	75,052	(11,316)

Because the Township fully appropriated estimated receipts in special revenue funds, it was also noted in 2008 that appropriations exceeded actual resources for all special revenue funds in the same amounts noted above.

The Township should monitor appropriations and expenditures throughout the year, making amendments to appropriations as needed to comply with the requirement that expenditures cannot exceed the amounts appropriated at the legal level of control. Implementing these procedures will also reduce the risk that the Township expends or certifies as available more resources than were legally appropriated by the Township.

Response: The Township will monitor budgetary compliance more closely in the future.

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; <b>Explain</b>
2007-001	Ohio Admin Code Sec 117-2 - Township did not maintain adequate records of monies received and disbursed	No	Reissued as Finding Number 2009-001
2007-002	Deficiencies were noted in the Township's monthly bank reconciliations and there was no indication that monthly reconciliations were reviewed by the Trustees	Partially	Combined with Finding Number 2009-001





**Mary Taylor, CPA**  
Auditor of State

**SPRINGCREEK TOWNSHIP**

**MIAMI 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 6, 2010**