



Mary Taylor, CPA  
Auditor of State



**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

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**Mary Taylor, CPA**  
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**ACCOUNTANTS' REPORT**

Springfield Township  
Clark County  
2777 Springfield Xenia Road  
Springfield, OH 45506

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files and reports of Springfield Township, Clark County, (the Township) as of and for the years ended December 31, 2009 and 2008 following Ohio Admin. Code Section 117-4-02.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

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

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

July 19, 2010

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**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, 2009**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$23,677	\$1,508,348	\$236,093	\$1,768,118
Charges for Services		54,360		54,360
Licenses, Permits, and Fees	149,419	33,928		183,347
Intergovernmental	437,341	634,487	9,762	1,081,590
Special Assessments		4,410		4,410
Earnings on Investments	142,669	21,796	123	164,588
Miscellaneous	28,153	15,176		43,329
Total Cash Receipts	<u>781,259</u>	<u>2,272,505</u>	<u>245,978</u>	<u>3,299,742</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	859,099	2,357		861,456
Public Safety		759,573	4,078	763,651
Public Works	22,333	955,053		977,386
Health		61,142		61,142
Other		19,115	638	19,753
Capital Outlay		28,104	177,744	205,848
<b>Debt Service:</b>				
Redemption of Principal			11,500	11,500
Interest and Other Fiscal Charges	19,941		144,576	164,517
Total Cash Disbursements	<u>901,373</u>	<u>1,825,344</u>	<u>338,536</u>	<u>3,065,253</u>
Total Receipts Over/(Under) Disbursements	<u>(120,114)</u>	<u>447,161</u>	<u>(92,558)</u>	<u>234,489</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In		369,792		369,792
Transfers-Out	(60,000)	(309,792)		(369,792)
Total Other Financing Receipts / (Disbursements)	<u>(60,000)</u>	<u>60,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(180,114)	507,161	(92,558)	234,489
Fund Cash Balances, January 1 (Restated, see Note 8)	<u>1,042,564</u>	<u>2,518,832</u>	<u>1,728,270</u>	<u>5,289,666</u>
Fund Cash Balances, December 31	<u>\$862,450</u>	<u>\$3,025,993</u>	<u>\$1,635,712</u>	<u>\$5,524,155</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, 2008**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$8,694	\$1,467,139	\$251,295	\$1,727,128
Charges for Services		157,540		157,540
Licenses, Permits, and Fees		53,493		53,493
Intergovernmental	436,643	251,318	44,914	732,875
Special Assessments		2,446		2,446
Earnings on Investments	527,402	350		527,752
Miscellaneous	121,984	93,775	19,235	234,994
Total Cash Receipts	<u>1,094,723</u>	<u>2,026,061</u>	<u>315,444</u>	<u>3,436,228</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	868,851	24,727		893,578
Public Safety	4,108	713,773	51,729	769,610
Public Works	40,974	787,072		828,046
Other		56,515		56,515
Capital Outlay	91,163	269,403	292,616	653,182
Total Cash Disbursements	<u>1,005,096</u>	<u>1,851,490</u>	<u>344,345</u>	<u>3,200,931</u>
Total Receipts Over/(Under) Disbursements	<u>89,627</u>	<u>174,571</u>	<u>(28,901)</u>	<u>235,297</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Proceeds of Notes			(213,866)	(213,866)
Transfers-In		1,914,094		1,914,094
Transfers-Out		(1,914,094)		(1,914,094)
Other Financing Sources		64,298		64,298
Other Financing Uses			(2,121)	(2,121)
Total Other Financing Receipts / (Disbursements)		<u>64,298</u>	<u>(215,987)</u>	<u>(151,689)</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	89,627	238,869	(244,888)	83,608
Fund Cash Balances, January 1	<u>2,304,680</u>	<u>411,649</u>	<u>2,338,562</u>	<u>5,054,891</u>
Fund Cash Balances, December 31	<u><u>\$2,394,307</u></u>	<u><u>\$650,518</u></u>	<u><u>\$2,093,674</u></u>	<u><u>\$5,138,499</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, 2009 AND 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Springfield Township, Clark 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, fire protection and emergency medical services.

The Township participates in 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. Note 7 to the financial statements provide 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**

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

The Township values U.S. Treasury Notes 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

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

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

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

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

**Motor Vehicle License Tax Fund** - This fund receives license tax fees collected by the county for constructing, maintaining, and repairing Township roads.

**Cemetery Fund** – This fund receives money from the sale of lots to maintain and improve Vale Cemetery.

**Fire District Operations** – This fund receives property tax to maintain fire fighting facilities, equipment and apparatus.

**Road and Bridge Voted Levy Fund** – This fund receives property tax to improve roads within the Township.

**Zoning** – This fund collects fees for the rezoning of property in the Township and to pay the cost of the department's operation.

**Permissive Motor Vehicle License Tax Fund** – This fund receives money from the county for maintaining and repairing Township roads.

**Rescue, Ambulance & EMS** – This fund receives property tax money to support the EMS services within the Township.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

**Permanent Improvement Fund** – The fund received financing from Ohio Township Leasing Authority for two facilities, the 2005 fire house and administration building and the rehab of the e-check building into an additional fire house.

**Fire Equipment Levy** – This fund receives property tax money to maintain and replace fire vehicles and facilities in the township,

**EMS Equipment Levy** - This fund receives property tax money to maintain and replace EMS vehicles and facilities in the township

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level 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.

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

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

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year. The Township did not use the encumbrance method of accounting.

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

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$1,076,554	\$ 867,234
Certificates of deposit	527,242	452,597
Total deposits	<u>1,603,796</u>	<u>1,319,831</u>
U.S. Treasury Notes	3,920,359	3,818,668
Total deposits and investments	<u>\$5,524,155</u>	<u>\$5,138,499</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Federal Reserve holds the Township's U.S. Treasury Notes in book-entry form in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2009 and 2008 follows:

<b>2009 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 950,000	\$ 781,259	(\$168,741)
Special Revenue	2,102,837	2,642,297	539,460
Capital Projects	331,655	245,978	(85,677)
Total	<u>\$3,384,492</u>	<u>\$3,669,534</u>	<u>\$285,042</u>

<b>2009 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 953,450	\$ 961,373	(\$ 7,923)
Special Revenue	1,614,400	2,135,136	(520,736)
Capital Projects	667,000	338,536	328,464
Total	<u>\$3,234,850</u>	<u>\$3,435,045</u>	<u>(\$200,195)</u>

<b>2008 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 712,000	\$1,094,723	\$ 382,723
Special Revenue	1,935,737	4,004,453	2,068,716
Capital Projects	278,300	315,444	37,144
Total	<u>\$2,926,037</u>	<u>\$5,414,620</u>	<u>\$2,488,583</u>

<b>2008 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General		\$1,005,096	(\$1,005,096)
Special Revenue		3,765,584	(3,765,584)
Capital Projects		560,332	(560,332)
Total	<u>\$0</u>	<u>\$5,331,012</u>	<u>(\$5,331,012)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2008. Also contrary to Ohio law, at December 31, 2008, the Motor Vehicle License Tax, Road & Bridge, Road District, Zoning and Park Funds had a cash deficit balance of \$69,917, \$447,497, \$204,255, \$69,814 and \$1,121 respectively.

Additionally, the Township did not follow requirements regarding approval and submission of appropriations and authorization of tax levies.

**4. PROPERTY TAX**

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

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

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

**4. PROPERTY TAX (Continued)**

Public utilities are also taxed on personal and real property located within the Township.

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

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

**5. DEBT**

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

	<b>Principal</b>	<b>Interest Rate</b>
Township Hall/Fire Station #1	\$2,163,000	3%
Fire Station #2	1,210,000	4-4.75%
Total	\$3,373,000	

The Township issued general obligation bonds to finance the construction of a new fire house and administrative office located on Springfield-Xenia Road. The original funding was through the Ohio Township Leasing Authority for \$2,538,000 with a balance at 12/31/09 of \$2,163,000.

The second loan was for \$1,483,000 to use for the purchase of a e-check facility in the Township for \$400,000, the conversion to the East Fire House for \$300,000, and the purchase of a EMS squad and fire engine. The balance at 12/31/09 is \$1,210,000.

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

<b>Year ending December 31:</b>	<b>Township Hall / Fire Station</b>	<b>Fire Station #2</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 101,000	\$ 98,000	\$ 138,748	\$ 337,748
2011	104,000	102,000	131,394	337,394
2012	108,000	107,000	123,778	338,778
2013	112,000	111,000	115,396	338,396
2014	116,000	116,000	106,702	338,702
2015-2019	647,000	356,000	394,515	1,397,515
2020-2024	797,000	218,000	196,251	1,211,251
2025-2026	178,000	102,000	14,880	294,880
Total	\$2,163,000	\$1,210,000	\$1,221,664	\$4,594,664

**6. RETIREMENT SYSTEMS**

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. 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 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

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

**7. RISK MANAGEMENT**

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

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

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

**A. 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.

**B. 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	(12,981,818)	(13,357,837)
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$64,897.

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

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

**7. RISK MANAGEMENT (Continued)**

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

<u>Contributions to OTARMA</u>	
2008	\$86,833
2009	\$75,451

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. RESTATING 2009 BEGINNING BALANCES**

The following adjustments were made on the beginning fund balances for 2009 to correct posting errors and report all bank accounts of the Township:

<u>Fund Type</u>	<u>December 31, 2008</u>		<u>January 1, 2009</u>
	<u>Balance as</u>	<u>Adjustment</u>	<u>Restated</u>
	<u>Reported</u>		<u>Balance</u>
General	\$2,394,307	(\$1,351,743)	\$1,042,564
Special Revenue	650,518	1,868,314	2,518,832
Capital Projects	2,093,674	(365,404)	1,728,270
Total	<u>\$5,138,499</u>	<u>\$ 151,167</u>	<u>\$5,289,666</u>

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# Mary Taylor, CPA

Auditor of State

## ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Springfield Township  
Clark County  
2777 Springfield Xenia Road  
Springfield, OH 45506

To the Township Board of Trustees:

We have selectively tested certain accounts, financial records, files and reports of Springfield Township, Clark County, (the Township) as of and for the years ended December 31, 2009 and 2008 following Ohio Admin. Code Section 117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting or compliance. We therefore express no opinion on these matters.

### Internal Control Over Financial Reporting

During our procedures related to the internal control over financial reporting, we noted matters that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing their assigned functions. These matters are described in the Schedule of Findings as items 2009-006 through 2009-009.

### Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contracts, and grant agreements applicable to the township. Noncompliance with which could directly and materially affect the determination of financial statement amounts. The result of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying schedule of findings as items 2009-001 through 2009-005.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 19, 2010.

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

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

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

**Mary Taylor, CPA**  
Auditor of State

July 19, 2010

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
---

**FINDING NUMBER 2009-001**

**Material Non-Compliance**

**Ohio Revised Code Section 5705.41(D)** states that no orders or contracts involving the expenditure of money are to be made unless there is 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 encumbrances.

**Ohio Revised Code Section 5705.41(D)** provides the following exception to this basic requirement:

1. **Then and Now Certificate:** This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$3,000 may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority.

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.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Township should certify that the funds are or will be available prior to the obligation. When prior certification is not possible, "then and now" certification should be used.

**FINDING NUMBER 2009-001  
(Continued)**

**Ohio Revised Code Section 5705.41(D)** also allows fiscal officers to issue regular or super blanket certificates. Regular blanket certificates may be issued for the amount established by resolution against any appropriation line item over a period not running beyond the end of the calendar year. Only one regular blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Super blanket certificates may be issued for any amount for expenditures from a specific line item appropriation or professional services, fuel, utilities, health insurance and any other specific recurring and reasonably predictable operating expense over a period not running beyond the end of the calendar year. More than one super blanket certificate may be outstanding at one particular time for a particular line item appropriation.

Township did not use purchase orders in 2008. The Township used purchase orders in 2009 but they were signed after the obligation was incurred, and were not then and now certificates. We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Officials' Response**

The Township has been using PO's from the beginning of 2009. With the rehab of the East Side Fire Station, Super Blanket Certificates have been used from day one. It is the plan of the Fiscal Officer, to establish BCs for Utilities, ( Natural Gas, Electric, Water, Sewer, Telephone, Cable). Employee Health Insurance will also be made by a Super Blanket Certificate.

The Township will also use the Then and Now Certificates to pay those bills affected that come about as issue of emergency request, regular bills, will need paid between meetings.

**FINDING NUMBER 2009-002**

**Material Non-Compliance**

**Ohio Rev. Code Section 5705.38(A)** requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

The Board of Trustees did not approve the Township's appropriations or submit them to the county budget commission for approval in 2008. For 2009, the Trustees did not approve the annual appropriations in the minutes but they were filed with the County Auditor on March 26, 2009.

**Officials' Response**

All required filings for the 2010 Budget and appropriations have been made in a timely manner. The Fiscal Officer has for some time, believed that Temporary Appropriations can be made upon cash balances from December 31. And all permanent Appropriations must be made no later than 3/31.

**FINDING NUMBER 2009-003**

**Material Non-Compliance**

**Ohio Rev. Code Section 5705.34** requires each taxing authority is to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the county auditor before October 1st (April 1 for school districts), unless a later date is approved by the tax commissioner.

In 2009, Springfield Township did not pass the required resolution to authorize the necessary tax levies until October 13, 2009. The Board should adopt and implement procedures that provide for timely approval of tax levies.

**Officials' Response**

For 2010 the October 1 date was met. The Township now has a calendar to meet all deadlines annually.

**FINDING NUMBER 2009-004**

**Material Non-Compliance**

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

The Board did not formally approve 2008 appropriations nor were they submitted to the Clark County Auditor. This resulted in all expenditures in 2008 to not be appropriated. The Township should develop and implement procedures to provide for monitoring of budgeted and actual activity and for timely approval of documents.

**Officials' Response**

The current computer system, UAN, will not allow for any fund to run in a negative balance. Cash Fund Balances are provided to the Trustees monthly or on request of the Trustees.

**FINDING NUMBER 2009-005**

**Material Non-Compliance**

**Ohio Rev. Code Section 5705.10(H)** states money paid into a fund must be used only for the purposes for which such fund has been established.

A negative fund balance indicates that money from one fund was used to cover the expenses of another fund. The following funds had negative fund balances throughout 2008 and at year end:

<b>Fund</b>	<b>Amount</b>
Motor Vehicle License Tax	(\$69,917)
Road & Bridge	(447,796)
Road District	(204,255)
Zoning	(69,814)
Park Levy	(1,121)

Procedures should be developed and implemented to monitor fund balances to prevent overspending of individual fund balances. In the event additional funding is required, the Township should consider the use of allowable transfers or advances, or reducing disbursements until funds are available.

**Officials' Response**

All funds were balanced as of 12/31/2009 with the assistance of LGS. All funds except, Motor Vehicle License, which was off due to the incorrect transfer of funds from the FEMA funds \$90,000.00 to the MVL.

**FINDING NUMBER 2009-006**

**Material Weakness**

**Fund Balances**

The Township accounting records contained errors and miss-postings from 2006 to 2009 which resulted in material errors to the financial statements. The Township contracted to correct the errors and reconstruct the fund balances. Adjustments were posted as noted below to the 2009 financial statements to correct the fund balances.

<b>Fund Type</b>	<b>December 31, 2008 Balance as Reported</b>	<b>Adjustment</b>	<b>January 1, 2009 Restated Balance</b>
General	\$2,394,307	(\$1,351,743)	\$1,042,564
Special Revenue	650,518	1,868,314	2,518,832
Capital Projects	2,093,674	(365,404)	1,728,270
Total	\$5,138,499	\$ 151,167	\$5,289,666

The Township should take due care in posting financial activity to accurately report the financial position of the Township. This will result in the trustees having accurate information to make informed financial decisions.

**Officials' Response**

Posting transactions to the records of the Township and making sure they are correct by fund and appropriation account. The Fiscal Officer looks at all transactions daily and monthly as the reconciliation is completed.

**FINDING NUMBER 2009-007**

**Significant Deficiency**

**Posting of Revenue**

Revenue should be posted to the correct fund in a timely manner. The following errors were made, which resulted in the financial statements being misstated:

- All 2007 EMS revenue of \$85,585 was posted in 2008;
- All 2008 EMS revenue of \$70,432 was not posted until December 31, 2008;
- 3 months of EMS revenue (April – June 2009) was posted to the incorrect line account for a total of \$8,839;
- Interest was posted at year end in 2008, instead of when earned;
- July 2008, Lighting - Special Assessment of \$2,129 was not posted to the books by the fiscal officer;
- Rollbacks were posted to Other Revenue instead of Intergovernmental Revenue in Fire/EMS, Road District, Road & Bridge and Fire Equipment Levy;
- Shared income taxes of \$156,726 in the Road & Bridge Fund in 2008 was posted to Other Revenue instead of Taxes;
- September 2009 revenue of \$2,383 was posted to the Zoning Fund instead of the EMS Fund;
- April 2008 receipt of \$8,550 from the sale of the road sweeper was posted to the General Fund instead of Road & Bridge Fund which originally paid for the equipment;
- January 2009 Auto Licenses Tax from the County Auditor for \$1,988 was posted to the Gas Tax Fund instead of Motor Vehicle License Tax Fund;
- February 2009 permissive tax from the County Auditor for \$2,559 was posted to the Gas Tax Fund instead of Permissive Tax Fund.

**FINDING NUMBER 2009-007  
(Continued)**

The above errors were not material to the financial statements, and the statements were not adjusted.

To assist management in the budgeting process and in making informed decisions and to improve controls over revenue, the fiscal officer should:

- Post all EMS charges for services to the system monthly from the bank statements;
- Post revenue when received;
- Void the above receipts and post the revenue to the correct funds.

The fiscal officer should use due care when posting revenue to ensure that revenue is posted to the correct fund to assist management in the budgeting process and in making informed decisions.

**Officials' Response**

All revenues received by the Township are recorded on a monthly basis with proper receipts, this includes all investment earnings, service fees, dividends, realized gains, again with information from the Trustees. \*most of the revenues were corrected at year end by the Fiscal Officer under direction of Local Government Services.

**FINDING NUMBER 2009-008**

**Significant Deficiency**

**FEMA Expenditures**

FEMA grant revenue should be receipted in the fund from which the original expenditure was paid. In 2009, the Township was reimbursed for cleanup costs from damage caused by the wind storm in September 2008. The Township utilized the Road & Bridge equipment and personnel in the cleanup. The Fiscal Officer transferred \$90,000 of FEMA grant money to the Motor Vehicle License Tax Fund instead of reimbursing the Road & Bridge Fund which resulted in errors in fund balances. The Township corrected the error in 2010.

The Board of Trustees should follow Auditor of State Audit Bulletin 98-013 regarding any future FEMA grant activity.

**Officials' Response**

The posting the \$90,000 to Motor Vehicle was in error in 2009. The correction, as advised by the UAN staff was completed as Funds Adjustments. With \$30,000 from MVL, and \$60,000 from the General Fund, both were transferred to the FEMA fund and the FEMA fund transferred the \$90,000 to Road and Bridge.

**FINDING NUMBER 2009-009**

**Significant Deficiency**

**Debt Transactions**

The Township had two loans and several accounts with the Bank of New York from which the Township received interest. The Fiscal Officer did not record the interest income separately from debt payments, but instead netted the amounts on the Township records which understated interest income and debt service expenditures on the financial statements.

**FINDING NUMBER 2009-009  
(Continued)**

In addition, in 2008 the Fiscal officer incorrectly posted a note proceed of \$213,865 resulting in the financial statements being misstated. The errors were not material and the accompanying statements were not adjusted.

The Fiscal Officer should maintain a schedule of all debt that lists balances, principal and interest payments. All interest and principal payments should be recorded on the Township books.

**Officials' Response**

Fiscal Officer is awaiting response from the Bank of New York to determine amounts of Interest received from BNY.

**SPRINGFIELD TOWNSHIP  
CLARK COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2007-001	ORC 5705.14 & .16 lack of approval for transfers of funds	Yes	
2007-002	ORC #5705.41(D) failure to certify the availability of funds	No	Not corrected; repeated see finding #2009-001
2007-003	ORC 507.11(B) trustees failed to sign payroll checks	Yes	
2007-004	ORC 149.351(A) failure to maintain records	Yes	
2007-005	ORC 135.12(B) lack of designation of depository	Yes	
2007-006	ORC 135.14(O)(1) investment policy was not signed by all brokers or filed with the Auditor of State's office	No	Partially Corrected; moved to management letter
2007-007	ORC 5705.39 appropriations in excess of estimated resources	Yes	
2007-008	ORC 5705.34 failure to authorize necessary tax levies	Yes	
2007-009	ORC 5705.38(A) failure to approve appropriation resolutions	No	Not corrected; repeated see finding #2009-002
2007-010	ORC 5705.41(B) expenditures exceeded appropriations	No	Not corrected; repeated see finding #2009-004
2007-011	ORC 5705.10(H) negative fund balances were maintained	No	Not corrected; repeated see finding #2009-005
2007-012	ORC 5705.36(A)(2) estimated receipts exceeded actual receipts	No	Partially Corrected; moved to management letter recommendation
2007-013	ORC 135.18(A) and (B) and 135.81 lack of collateral statement documentation	Yes	
2007-014	ORC 507.04(A) failure to keep accurate records of the township meeting's proceedings	No	Partially Corrected; moved to management letter recommendation
2007-015	ORC 5705.10(D) inaccurate/not posting of financial activity	No	Not corrected; modified, see finding #2009-007
2007-016	Failure by Trustees to monitor financial data	Yes	
2007-017	Failure of Fiscal Officer to monitor payroll reports	Yes	
2007-018	Cash reconciliations should be completed on a monthly basis	Yes	
2007-019	Fiscal Officer should present notes to the financial statements for each year	Yes	
2007-020	Estimated revenue was not posted to ledgers	Yes	





**Mary Taylor, CPA**  
Auditor of State

**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  
AUGUST 17, 2010**