



Dave Yost • Auditor of State

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

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Dave Yost • Auditor of State

Springfield Township
Gallia County
PO Box 22
Bidwell, Ohio 45614

To the Board of Township Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

May 21, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township
Gallia County
PO Box 22
Bidwell, Ohio 45614

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Gallia County, Ohio (the Township) as of and for the years ended December 31, 2011 and 2010. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 of Springfield Township, Gallia County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2012, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 21, 2012

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$50,081	\$84,742	\$134,823
Charges for Services		2,500	2,500
Licenses, Permits, and Fees	2,964		2,964
Intergovernmental	126,787	100,555	227,342
Earnings on Investments	734	319	1,053
Miscellaneous	3,637	10,308	13,945
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	184,203	198,424	382,627
Cash Disbursements:			
Current:			
General Government	81,472		81,472
Public Safety		52,045	52,045
Public Works	18,150	195,497	213,647
Health	3,100		3,100
Capital Outlay	49,845		49,845
Debt Service:			
Redemption of Principal		11,100	11,100
Interest and Other Fiscal Charges		4,653	4,653
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	152,567	263,295	415,862
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	31,636	(64,871)	(33,235)
Other Financing Receipts / (Disbursements):			
Transfers-In		11,017	11,017
Transfers-Out	(11,017)		(11,017)
Other Financing Sources		350	350
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	(11,017)	11,367	350
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	20,619	(53,504)	(32,885)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	96,087	143,228	239,315
Fund Cash Balances, December 31			
Assigned		89,724	
Unassigned (Deficit)	116,706		206,430
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$116,706	\$89,724	\$206,430

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

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$45,730	\$77,803	\$123,533
Charges for Services		6,384	6,384
Licenses, Permits, and Fees	432		432
Intergovernmental	65,763	116,069	181,832
Earnings on Investments	755	372	1,127
Miscellaneous	14,965	226	15,191
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	127,645	200,854	328,499
Cash Disbursements:			
Current:			
General Government	99,988		99,988
Public Safety		28,424	28,424
Public Works	13,318	118,662	131,980
Health	3,067		3,067
Capital Outlay	113,547	7,190	120,737
Debt Service:			
Redemption of Principal		15,500	15,500
Interest and Other Fiscal Charges		5,126	5,126
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	229,920	174,902	404,822
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/> (102,275)	<hr/> 25,952	<hr/> (76,323)
Other Financing Receipts / (Disbursements):			
Transfers-In		50,000	50,000
Transfers-Out	(50,000)		(50,000)
Other Financing Sources	380		380
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	(49,620)	50,000	380
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(151,895)	75,952	(75,943)
Fund Cash Balances, January 1	<hr/> 247,982	<hr/> 67,276	<hr/> 315,258
Fund Cash Balances, December 31			
Assigned		143,228	143,228
Unassigned (Deficit)	96,087		96,087
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$96,087	\$143,228	\$239,315

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

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Springfield Township, Gallia County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and fire protection.

The Township participates in Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

All cash assets of the Township are maintained in an interest bearing checking account.

D. Fund Accounting

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

1. General Fund

The General Fund 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
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

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.

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 reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits

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

	2011	2010	
Demand deposits	\$206,430	\$239,315	

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$208,641	\$184,203	(\$24,438)
Special Revenue	227,322	209,791	(17,531)
Total	\$435,963	\$393,994	(\$41,969)

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$179,950	\$163,584	\$16,366
Special Revenue	335,650	263,295	72,355
Total	\$515,600	\$426,879	\$88,721

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$183,309	\$128,025	(\$55,284)
Special Revenue	212,328	250,854	38,526
Total	\$395,637	\$378,879	(\$16,758)

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$239,250	\$279,920	(\$40,670)
Special Revenue	330,425	174,902	155,523
Total	\$569,675	\$454,822	\$114,853

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$40,670 for the year ended December 31, 2010.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

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.

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, 2011 was as follows:

	Principal	Interest Rate
USDA Tax Anticipation Bonds - Fire Truck	\$92,300	5%

The Township issued tax anticipation bonds in 2008 through a U.S. Department of Agriculture Rural Development loan program for the purchase of a fire truck. The original bonds payable was for \$124,000. The full faith and credit of the Township is pledged to repay this debt.

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

	USDA Tax Anticipation Bonds
Year ending December 31:	
2012	\$15,653
2013	15,636
2014	15,696
2015	15,629
2016	15,740
2017-2018	31,294
Total	\$109,648

6. Retirement System

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

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Retirement System (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, 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, 2011.

7. Risk Management

Risk Pool Membership

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. 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, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 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.

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, 2010 and 2009 (the latest information available).

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	(10,664,724)	(12,880,766)
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Risk Management (Continued)

Risk Pool Membership (Continued)

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$7,786.

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

<u>Contributions to OTARMA</u>		
<u>2011</u>	<u>2010</u>	<u>2009</u>
10,541	\$10,522	\$6,256

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

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Dave Yost • Auditor of State

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

Springfield Township
Gallia County
PO Box 22
Bidwell, Ohio 45614

To the Board of Trustees:

We have audited the financial statements of Springfield Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 21, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. In addition, we noted the Township has adopted Governmental Accounting Standards Board Statement No. 54. 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 and other deficiencies we consider to be significant deficiencies.

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 2011-06 described in the accompanying Schedule of Findings to be a material weakness.

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 findings 2011-03 and 2011-05 described in the accompanying Schedule of Findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2011-01 through 2011-04.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 21, 2012.

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.



Dave Yost
Auditor of State

May 21, 2012

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-01

Noncompliance Citation

Ohio Rev. Code Section 5705.09(C) requires each subdivision to establish a bond retirement fund into which it must pay sufficient revenues to retire serial bonds, notes and certificates of indebtedness at maturity.

The Township paid principal and interest payments on Tax Anticipation Bonds from the Fire Levy Fund in 2010 and 2011. The County Auditor did not allocate taxes on the tax settlement sheets to pay the principal and interest amount. The Fiscal Officer did not make the required transfer to a debt service fund. The debt instrument drafted by bond counsel, under item (F)(3) requires the use of a debt service fund.

We recommend the Township contact the County Auditor to request a portion of the property taxes be allocated to a debt service fund and the Township account for the receipts and expenditures pertaining to the bond anticipation note in that fund.

Officials Response: We feel with the amount of money in the fire funds is more than efficient to cover this debt and we would consider later if the need arises we would then consider the option that is recommended.

FINDING NUMBER 2011-02

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-02 (Continued)

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

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not properly encumber 31% of transactions tested during 2010 and 2011. Additionally, “then and now” certificates were sometimes used, however, those exceeding \$3,000 were not approved by the Township Trustees by ordinance or resolution though all were signed by the Trustees. The Township did not have sufficient internal controls in place to ensure the certification of the availability of funds. Failure to certify the availability of funds properly can result in overspending funds and negative cash balances.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, “then and now” certification should be used, and approved by resolution of the Township Trustees, where applicable.

We recommend the Township officials and employees obtain the Fiscal Officer’s certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Ohio Rev. Code Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs the commitment, and only when the requirements of Ohio Rev. Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials Response: This was corrected after the last audit.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-03

Noncompliance Citation/Significant Deficiency

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

At December 31, 2011, we found appropriations as approved by the Township's Board of Trustees did not agree to the Township's accounting system. The variances are as follows:

Fund	Per Appropriation Measure	Per UAN System	Variance
General	\$179,950	\$183,494	(\$3,544)
Road and Bridge	22,200	22,000	200

At December 31, 2010, we found appropriations as approved by the Township's Board of Trustees did not agree to the Township's accounting system. The variances are as follows:

Fund	Per Appropriation Measure	Per UAN System	Variance
General	\$239,250	\$401,950	(\$162,700)

This resulted in expenditures exceeding approved appropriation amounts in the General Fund in 2010. An adjustment was made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present appropriations approved by the Township Board of Trustees.

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

Officials Response: We will make proper adjustments and see that the proper paper work is done.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-04

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Actual disbursements exceeded appropriations at December 31, 2010, as follows:

Fund	Appropriations	Disbursements	Variance
General	\$239,250	\$279,920	(\$40,670)

This could result in the Township overspending available fund balances.

We recommend that the Township review budgetary information on a regular basis to ensure disbursements have not exceeded appropriations at the legal level of control. The Township may request Board of Township Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials Response: We will follow the recommendation made by the auditor's office.

FINDING NUMBER 2011-05

Significant Deficiency

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

At December 31, 2011, estimated resources as approved by the Budget Commission did not agree to the Township's accounting system for two funds. This was due, in part, to the Township's Fiscal Officer not posting the amended certificates to the UAN system. The variances and funds are as follows:

Fund	Per Amended Certificate	Per UAN System	Variance
General	\$208,641	\$201,603	\$7,038
Road and Bridge	18,071	17,981	90

At December 31, 2010, estimated resources as approved by the Budget Commission did not agree to the Township's accounting system for four funds. This was due, in part, to the Township's Fiscal Officer not posting the amended certificates to the UAN system. The variances and funds are as follows:

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-05 (Continued)

Significant Deficiency (Continued)

Fund	Per Amended Certificate	Per UAN System	Variance
General	\$183,309	\$232,748	(\$49,439)
Motor Vehicle License Tax	12,000	11,900	100
Gasoline Tax	77,150	127,150	(50,000)
Fire Levy	89,246	89,224	22

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

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

Officials Response: We will follow the recommendation made by the auditor's office. We will post more accurate receipts.

FINDING NUMBER 2011-06

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

In 2011:

- Employee salaries of \$18,150 for road work were paid from general government rather than public works in the General Fund.
- A transfer out of the General Fund and a transfer in to the Gasoline Tax Fund in the amount of \$11,017 was posted as an advance out in the General Fund and advance in in the Gasoline Tax Fund.
- Public works expenditures of \$25,000 were recorded as captital outlay in the Gasoline Tax Fund.
- Public safety expenditures of \$36,907 were recorded as general government in the Fire Fund.
- Debt payments of \$11,100 in principal and \$4,653 in interest were recorded as public safety in the Fire Fund.
- A state fire grant of \$5,170 was recorded as other financing sources rather than intergovernmental revenue in the Fire Fund.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-06 (Continued)

Material Weakness (Continued)

In 2010:

- Employee salaries of \$13,318 for road work were paid from general government rather than public works in the General Fund.
- Capital outlay expenditures of \$11,226 were paid from general government in the General Fund.
- A township garage repair of \$5,200 was paid from the Road and Bridge Fund rather than the General Fund.
- Public safety expenditures of \$26,908 were recorded as general government in the Fire Fund.
- Debt payments of \$10,500 in principal and \$5,126 in interest were recorded as public safety in the Fire Fund.
- A receipt of \$4,000 was voided in error and should be recorded as intergovernmental revenue in the Gasoline Tax Fund.
- A debt principal payment of \$5,000 was recorded as public works rather than debt service-principal retirement in the MVL Fund.

The audited financial statements reflect the adjustments noted above and the Fiscal Officer posted the adjustments to the accounting system.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

Officials Response: We will review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Noncompliance citation with Ohio Rev. Code Section 5549.21 for paving paid from the General Fund	Yes	
2009-002	Noncompliance citation with Ohio Rev. Code Section 5705.09(C) for not establishing a debt service fund.	No	Repeated in the Schedule of Findings as Finding Number 2011-01
2009-003	Noncompliance citation and material weakness with Ohio Rev. Code Sections 5705.14, 5705.15, and 5705.16 for unapproved transfers.	Yes	
2009-004	Noncompliance citation with Ohio Rev. Code Section 5705.36(A)(4) for appropriations exceeding actual resources	No	This comment was repeated in the separate letter to management.
2009-005	Noncompliance citation with Ohio Rev. Code Section 5705.41(D)(1) for not properly encumbering	No	Repeated in the Schedule of Findings as Finding Number 2011-02
2009-006	Material weakness for financial statement errors	No	Repeated in the Schedule of Findings as Finding Number 2011-06

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Dave Yost • Auditor of State

SPRINGFIELD TOWNSHIP

GALLIA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 7, 2012**