



Dave Yost • Auditor of State

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

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Dave Yost • Auditor of State

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, 2011 and 2010 following Ohio Admin. Code §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, Springfield Township, and other officials authorized to receive this report under Section 117.26, Ohio Rev. Code and it is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

February 19, 2013

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**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>	<u>Total (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$7,961	\$1,324,222	\$281,857	\$1,614,040
Charges for Services	1,034	72,569		73,603
Licenses, Permits and Fees	99,346	338,771		438,117
Intergovernmental	312,555	301,587	1,395,358	2,009,500
Special Assessments		4,541		4,541
Earnings on Investments	84,838	16,269		101,107
Miscellaneous	24,311	13,979		38,290
Total Cash Receipts	<u>530,045</u>	<u>2,071,938</u>	<u>1,677,215</u>	<u>4,279,198</u>
Cash Disbursements:				
Current:				
General Government	672,463	25,944	3,804	702,211
Public Safety		733,685		733,685
Public Works	44,609	788,665		833,274
Health		38,304		38,304
Capital Outlay		245,586	1,622,180	1,867,766
Debt Service:				
Principal Retirement		104,000		104,000
Interest and Fiscal Charges		65,697	66,197	131,894
Total Cash Disbursements	<u>717,072</u>	<u>2,001,881</u>	<u>1,692,181</u>	<u>4,411,134</u>
Excess of Receipts Over (Under) Disbursements	<u>(187,027)</u>	<u>70,057</u>	<u>(14,966)</u>	<u>(131,936)</u>
Other Financing Receipts (Disbursements):				
Sale of Capital Assets		9,560		9,560
Total Other Financing Receipts (Disbursements)		<u>9,560</u>		<u>9,560</u>
Net Change in Fund Cash Balances	(187,027)	79,617	(14,966)	(122,376)
Fund Cash Balances, January 1	<u>838,433</u>	<u>2,740,567</u>	<u>910,380</u>	<u>4,489,380</u>
Fund Cash Balances, December 31:				
Restricted		2,820,184	895,414	3,715,598
Assigned	12,692			12,692
Unassigned (Deficit)	<u>638,714</u>			<u>638,714</u>
Fund Cash Balances, December 31	<u>\$651,406</u>	<u>\$2,820,184</u>	<u>\$895,414</u>	<u>\$4,367,004</u>

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>	<u>Total (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$8,186	\$1,267,446	\$268,757	\$1,544,389
Charges for Services	15	46,618		46,633
Licenses, Permits and Fees	91,654	58,270		149,924
Intergovernmental	415,534	476,109	43,680	935,323
Special Assessments		4,718		4,718
Earnings on Investments	98,165	34,938		133,103
Miscellaneous	5,686	7,598		13,284
Total Cash Receipts	<u>619,240</u>	<u>1,895,697</u>	<u>312,437</u>	<u>2,827,374</u>
Cash Disbursements:				
Current:				
General Government	565,279	26,370	3,884	595,533
Public Safety		745,950	20,809	766,759
Public Works	78,323	1,128,525		1,206,848
Health		46,225		46,225
Other			39,786	39,786
Capital Outlay		131,201	784,656	915,857
Debt Service:				
Principal Retirement		98,000	79,697	177,697
Interest and Fiscal Charges		26,614	109,687	136,301
Total Cash Disbursements	<u>643,602</u>	<u>2,202,885</u>	<u>1,038,519</u>	<u>3,885,006</u>
Excess of Receipts Over (Under) Disbursements	<u>(24,362)</u>	<u>(307,188)</u>	<u>(726,082)</u>	<u>(1,057,632)</u>
Other Financing Receipts (Disbursements):				
Sale of Capital Assets		9,950		9,950
Transfers In		90,000		90,000
Transfers Out		(90,000)		(90,000)
Other Financing Sources		11,414	750	12,164
Total Other Financing Receipts (Disbursements)		<u>21,364</u>	<u>750</u>	<u>22,114</u>
Net Change in Fund Cash Balances	(24,362)	(285,824)	(725,332)	(1,035,518)
Fund Cash Balances, January 1	<u>862,795</u>	<u>3,026,391</u>	<u>1,635,712</u>	<u>5,524,898</u>
Fund Cash Balances, December 31	<u>\$838,433</u>	<u>\$2,740,567</u>	<u>\$910,380</u>	<u>\$4,489,380</u>

**SPRINGFIELD TOWNSHIP
CLARK 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 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) public entity risk pool. Note 8 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.

Certificates of deposit are recorded 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:

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

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rescue & Ambulance – This fund receives property tax money and fees for ambulance activity.

Ambulance & EMS – This fund receives property tax money and intergovernmental funds.

3. Capital Project Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fire Equipment Levy – This fund receives tax money to pay for new fire equipment.

OPWC Resurfacing – This fund receives intergovernmental funds for resurfacing township roads.

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, department, 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 re-appropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 4.

F. Fund Balance

For December 31, 2011, 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:

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Non-spendable

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

2. Restricted

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

3. Committed

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

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.

H. 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.

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

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

2. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had no effect on fund balances previously reported.

3. 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 bank balance of deposits and investments at December 31 was as follows:

	2011	2010
Demand Deposits	\$ 494,643	\$ 165,080
Certificates of Deposit	277,081	275,520
Money Market	477,615	122,521
FHLB	665,020	1,075,515
FHLMC	499,850	499,375
FNMA	1,990,382	2,416,021
Total Deposits	\$4,404,591	\$4,554,032

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

Investments: During 2011 and 2010, the Township invested in nonnegotiable certificates of deposit.

Huntington National Bank's trust department holds the Township's equity securities in book entry form in the Township's name.

4. 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	\$ 676,000	\$ 530,045	(145,955)
Special	1,859,271	2,081,498	222,227
Capital Projects	1,963,735	1,677,215	(286,520)
Total	4,499,006	4,288,758	(210,248)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 978,250	729,764	248,486
Special	2,233,379	2,067,901	165,478
Capital Projects	339,500	1,755,158	(1,415,658)
Total	\$3,551,129	\$4,552,823	(\$1,01,694)

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

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

4. BUDGETARY ACTIVITY CONTINUED:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 412,538	\$ 619,240	\$ 206,702
Special	1,903,790	2,007,061	103,271
Capital Projects	375,724	313,187	(62,537)
Total	<u>\$ 2,692,052</u>	<u>\$ 2,939,488</u>	<u>\$ 247,436</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,141,000	\$ 643,602	\$ 497,398
Special Revenue	4,180,733	2,292,885	1,887,848
Capital Projects	1,582,000	1,038,519	543,481
Total	<u>\$ 6,903,733</u>	<u>\$ 3,975,006</u>	<u>\$ 2,928,727</u>

5. DEBT

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest
Township Office/Fire Station	\$1,958,000	3%
Garden Acre Fire	\$1,010,000	4 – 4.75%

The Township issued two general obligation bonds with combined outstanding principal as of December 31, 2010 of \$ 3,174,000.

The first obligation bond was issued October 6, 2005 to finance the construction of a new firehouse and an administration office located at 2777 Springfield Xenia Rd Springfield, Ohio 45506. The original funding was through the Ohio Township Leasing Authority (OTLA) and leased to Springfield Township. OTLA number 05F278262 original issue amount was \$2,538,000.00. The balance as of December 31, 2011 is \$ 1,958,000.

The second general obligation bond was issued July 27, 2006 to finance and convert the E Check facility to the East Side Garden Acres fire station. In addition this bond issue was for the purchase of a Sutphen Custom SL 75 Aerial Ladder fire apparatus and the purchase of a new EMS Medic Unit. The balance as of December 31, 2011 is \$1,010,000.

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

Year ending 12/31	Township Office / Fire Station Principal	Garden Acre Fire Principal	Total Interest	Total Principal and Interest
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	120,000	122,000	97,219	339,219
2016	125,000	125,000	87,321	337,321
2017-2021	702,000	190,000	313,561	1,205,561
2022 - 2026	675,000	239,000	107,546	1,021,546
Total	<u>\$1,958,000</u>	<u>\$1,010,000</u>	<u>\$951,523</u>	<u>\$3,919,523</u>

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

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

6. 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.

7. 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 the plan benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS participants contributed 10% of their wages, and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

8. RISK MANAGEMENT

A. Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

B. 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.

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

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

8. RISK MANAGEMENT (Continued)

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.

C. 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.

D. 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, 2011 and 2010.

	2011	2010
Assets	\$35,086,165	\$35,855,252
Liabilities	(9,718,792)	(10,664,724)
Net Assets	\$25,367,373	\$25,190,528

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$26,000.

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

Contributions to OTARMA	
2011	2010
\$102,905	\$87,734

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

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

8. RISK MANAGEMENT (Continued)

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.



Dave Yost • 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 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, 2011 and 2010 following Ohio Admin. Code §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 a matter 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, this matter could result in the occurrence of a misstatement that is caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. This matter is described in the Schedule of Findings as item 2011-03.

Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contract, and grant agreements applicable to the Township. Noncompliance with these requirements could impact the Township's ability to determine financial statement amounts. The results of our tests disclosed an instance of noncompliance or other matters that are reported in the accompanying Schedule of Findings as items 2011-01 and 2011-02.

We did note certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated February 19, 2013.

Springfield Township
Clark County
Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Page 2

We intend this report solely for the information and use of the management, the Township, other officials authorized to receive this report under Section 117.26, Ohio Rev. Code, and others within the Township. We intend it for no one other than these specified parties.

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

February 19, 2013

**SPRINGFIELD TOWNSHIP
CLARK COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

FINDING NUMBER 2011-01

Ohio Rev. 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.

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.

**FINDING NUMBER 2011-01
 (Continued)**

The Township did not properly encumber 30% of the tested expenditures during 2010 and 2011. The Township should 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. Finally, the fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation and prevent overspending of resources.

FINDING NUMBER 2011-02

Ohio Rev. Code Section 5705.41(B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated. The Township had the following funds in which expenditures plus encumbrances exceeded appropriations:

	<u>Total</u> <u>Appropriations</u>	<u>Total</u> <u>Expenditures</u>	<u>Outstanding</u> <u>Encumbrances</u> <u>December 31,</u>	<u>Total</u> <u>Expenditures</u> <u>+Encumbrances</u>	<u>Variance</u>
FY 2011					
Gasoline Tax	\$150,000	\$ 158,265	\$1,206	\$ 159,471	(\$ 9,471)
Fire District Voted Levy	225,108	207,968	26,137	234,105	(8,997)
Road District Fund	277,500	365,005	19,652	384,657	(107,157)
OPWC Resurfacing		1,042,879	16,183	1,059,062	(1,059,062)
OPWC Bridge Replacement		339,159	35,100	374,259	(374,259)
Fire Equipment Fund	173,750	177,092	2,647	179,739	(5,989)
FY 2010					
Permanent Improvement	400,000	403,712		403,712	(3,712)

The Township should review appropriations and expenditures on a regular basis to determine if it has enough appropriations approved to cover all expenditures and encumbrances and reduce the potential to overspend available resources.

FINDING NUMBER 2011-03

Classification of Transactions / Monthly Reconciliations

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

- For FY 2011, revenue of \$2,195 was posted to the Fire and Rescue, Ambulance and EMS Fund but should have been posted to Cemetery Fund,
- For FY 2011, revenue of \$32,320 was reported in the Fire and Rescue, Ambulance and EMS Fund as EMS Fees; however, they should have been posted as Miscellaneous Revenue,
- For FY 2011, the Fiscal Officer reported fund balance classifications incorrectly for GASB 54 for 2011 for the General Fund and Special Revenue Funds. The General Fund should have classified \$12,681 as being Assigned rather than as Unassigned. Additionally, \$154,814 of Special Revenue should have been classified as Restricted rather than Committed. These adjustments were made to the financial statements as presented,
- For FY 2011, the Township reported \$389 more in taxes for the General Fund, \$6,480 more in taxes for the Special Revenue Fund and \$7,072 less in taxes for Capital Projects Funds than were confirmed with independent sources.

FINDING NUMBER 2011-03
(Continued)

- For FY 2010, the township reported \$537 more in taxes for the General Fund, \$71,771 less in taxes for the Special Revenue Fund and \$9,514 less in taxes for Capital Projects Funds than were confirmed with independent sources.
- For FY 2011, the Township reported \$904 less in General Fund, \$72,237 less in Special Revenue, and \$123,094 more in Capital Projects intergovernmental revenue that were confirmed with independent sources.
- For FY 2010, the Township reported \$449 more in General Fund \$129,190 more in Special Revenue, and \$7,524 more in Capital Projects intergovernmental revenue that were confirmed with independent sources.

In addition, the Township hired Local Government Services (LGS) to prepare complete and accurate bank to book reconciliations as of December 31, 2010 and December 31, 2011. The Township reconciliations were not accurate, as several adjustments were required to be made for items such as not posting interest in the proper amounts and not posting bank charges.

Due care needs to be taken in the recording of transactions to ensure they are posted to the correct fund and to the correct classification. The Township should determine accurate individual fund balances and make adjustments as necessary. Additionally, the Township should implement procedures to provide that reconciliations are accurately completed, and reviewed monthly to determine if they are complete, accurate, and properly reflect the Township's activity.

**SPRINGFIELD TOWNSHIP
CLARK 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	Ohio Rev. Code Section 5705.41(D)	No	Repeated as 2011-001.
2009-002	Ohio Rev. Code Section 5705.38(A)	Yes	
2009-003	Ohio Rev. Code Section 5705.34	Yes	
2009-004	Ohio Rev. Code Section 5705.41(B)	No	Repeated as 2011-002.
2009-005	Ohio Rev. Code Section 5705.10(H)	Yes	
2009-006	Fund Balances – several adjustments made.	No	Included in 2011-003
2009-007	Posting of Revenue – revenue posted to incorrect accounts	No	Repeated as 2011-003.
2009-008	FEMA Expenditures – funds paid from incorrect fund.	Yes	
2009-009	Debt transactions – All transactions were not posted to the township ledgers.	Partially Corrected	Related comment included in separate letter to management



Dave Yost • 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
MARCH 21, 2013**