



Dave Yost • Auditor of State

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Springfield Township
Gallia County
P.O. Box 22
Bidwell, Ohio 45614

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Springfield Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Government's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Springfield Township, Gallia County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 28, 2016

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$57,674	\$82,814	\$140,488
Charges for Services	0	5,518	5,518
Licenses, Permits and Fees	3,422	0	3,422
Intergovernmental	26,494	111,938	138,432
Earnings on Investments	1,056	103	1,159
<i>Total Cash Receipts</i>	<u>88,646</u>	<u>200,373</u>	<u>289,019</u>
Cash Disbursements			
Current:			
General Government	117,944	0	117,944
Public Safety	0	22,412	22,412
Public Works	48,687	150,190	198,877
Health	17,028	0	17,028
Human Services	0	4,542	4,542
Debt Service:			
Principal Retirement	0	13,100	13,100
Interest and Fiscal Charges	0	2,529	2,529
<i>Total Cash Disbursements</i>	<u>183,659</u>	<u>192,773</u>	<u>376,432</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(95,013)</u>	<u>7,600</u>	<u>(87,413)</u>
Other Financing Receipts (Disbursements)			
Transfers In	0	2,789	2,789
Transfers Out	(2,789)	0	(2,789)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,789)</u>	<u>2,789</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(97,802)</u>	<u>10,389</u>	<u>(87,413)</u>
<i>Fund Cash Balances, January 1</i>	<u>676,155</u>	<u>102,172</u>	<u>778,327</u>
Fund Cash Balances, December 31			
Restricted	0	96,697	96,697
Committed	0	15,864	15,864
Assigned	61,541	0	61,541
Unassigned (Deficit)	516,812	0	516,812
<i>Fund Cash Balances, December 31</i>	<u>\$578,353</u>	<u>\$112,561</u>	<u>\$690,914</u>

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

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$53,350	\$81,500	\$134,850
Charges for Services	0	11,884	11,884
Licenses, Permits and Fees	2,418	0	2,418
Intergovernmental	19,119	113,472	132,591
Earnings on Investments	1,218	108	1,326
Miscellaneous	533	0	533
<i>Total Cash Receipts</i>	<u>76,638</u>	<u>206,964</u>	<u>283,602</u>
Cash Disbursements			
Current:			
General Government	96,014	0	96,014
Public Safety	0	46,642	46,642
Public Works	87,324	155,545	242,869
Health	8,915	0	8,915
Principal Retirement	0	12,600	12,600
Interest and Fiscal Charges	0	3,096	3,096
<i>Total Cash Disbursements</i>	<u>192,253</u>	<u>217,883</u>	<u>410,136</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(115,615)</u>	<u>(10,919)</u>	<u>(126,534)</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	1,704	0	1,704
<i>Total Other Financing Receipts</i>	<u>1,704</u>	<u>0</u>	<u>1,704</u>
<i>Net Change in Fund Cash Balances</i>	(113,911)	(10,919)	(124,830)
<i>Fund Cash Balances, January 1</i>	<u>790,066</u>	<u>113,091</u>	<u>903,157</u>
Fund Cash Balances, December 31			
Restricted	0	95,053	95,053
Committed	0	7,119	7,119
Assigned	12,301	0	12,301
Unassigned (Deficit)	<u>663,854</u>	<u>0</u>	<u>663,854</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$676,155</u></u>	<u><u>\$102,172</u></u>	<u><u>\$778,327</u></u>

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

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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, 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, cemetery maintenance, and fire protection.

The Township participates in the 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 permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits

The Township has one primary, 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Fire Fund - This fund receives property tax money to provide fire protection.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into four 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. 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.

2. Committed

Trustees can *commit* amounts via formal action (resolution). The Cemetery 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.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

3. 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.

4. 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.

2. EQUITY IN POOLED DEPOSITS

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

	2015	2014
Demand deposits	\$690,914	\$778,327

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$195,110	\$88,646	(\$106,464)
Special Revenue	244,598	203,162	(41,436)
Total	\$439,708	\$291,808	(\$147,900)

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$207,412	\$194,795	\$12,617
Special Revenue	338,922	219,500	119,422
Total	\$546,334	\$414,295	\$132,039

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$187,882	\$78,342	(\$109,540)
Special Revenue	265,898	206,964	(58,934)
Total	\$453,780	\$285,306	(\$168,474)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$214,313	\$196,415	\$17,898
Special Revenue	283,746	221,505	62,241
Total	\$498,059	\$417,920	\$80,139

Contrary to Ohio Rev. Code § 5705.40, appropriations by the Trustees did not agree to amounts recorded in the Township's accounting system. Also, contrary to Ohio Rev. Code § 5705.09(C), the township did not transfer sufficient taxes to a debt service fund for bond retirement purposes.

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.

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, 2015 was as follows:

	Principal	Interest Rate
USDA Tax Anticipation Bonds - Fire Truck	\$43,100	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.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	USDA Tax Anticipation Bonds
2016	\$15,740
2017	15,618
2018	15,675
Total	<u>\$47,033</u>

6. RETIREMENT SYSTEM

The Township's 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 this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 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.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. RISK MANAGEMENT (Continued)

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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$6,000.

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.

<u>Contributions to OTARMA</u>	
<u>2015</u>	<u>2014</u>
\$10,668	\$10,752

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

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

Springfield Township
Gallia County
P.O. Box 22
Bidwell, Ohio 45614

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Springfield Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated November 28, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2015-002, 2015-004, and 2015-005 to be material weaknesses.

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, opining 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 2015-001 through 2015-003.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

November 28, 2016

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Noncompliance Citation

Ohio Rev. Code § 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 2014 and 2015. 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), required the use of a debt service fund.

The Township should 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.

FINDING NUMBER 2015-002

Noncompliance Citation/Material Weakness

Ohio Rev. Code § 5705.40 provides, 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); and *Burkholder v. Lauber*, 6 Ohio Misc. 152, 216 N.E.2d (C.P. 1965).

At December 31, 2015, appropriations as approved by the Board of Trustees did not agree to the Township's accounting system. The variances are as follows:

	Approved	UAN system	Variance
General Fund	\$203,250	\$258,785	(\$55,535)
Road and Bridge Fund	23,000	23,600	(600)

At December 31, 2014, appropriations as approved by the Board of Trustees did not agree to the Township's accounting system for the General Fund by \$628,700.

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 Board of Trustees.

The Board of Trustees should 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.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-003

Noncompliance Citation

Ohio Rev. Code § 5705.41(D)(1) states, in part, that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment 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. Every such contract made without such a certificate shall be void and no warrants shall be issued in payment of any amount due thereon. There are several exceptions to the standard requirement states 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, blank certificates, and super blanket certificates, which are provided for in §§ 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 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.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not exceeding an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. The blanket certificate 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. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

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.

50% of disbursements tested during 2014 and 2015 were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. Also, the Fiscal Officer prepared a "blanket certificate" but a maximum amount was not established by resolution adopted by a majority of the members of the legislative authority.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

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

FINDING NUMBER 2015-003 (Continued)

Noncompliance Citation – Ohio Rev. Code § 5705.41(D)(1) (Continued)

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, we recommend that the Fiscal Officer certify that the 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.

The Board of Trustees should 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 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. In addition, the Board of Trustees should establish by resolution a maximum amount for blanket certificates.

FINDING NUMBER 2015-004

Material Weakness

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, 2015, estimated receipts as approved by the Budget Commission did not agree to the Township’s accounting system. The variances and funds are as follows:

	Approved	UAN system	Variance
General Fund	\$195,111.00	\$ 90,912.00	\$ 104,199
Gasoline Tax Fund	128,220.00	133,900.00	\$ (5,680)
Road and Bridge Fund	19,601.00	21,474.00	\$ (1,873)
Fire Fund	64,433.00	61,294.00	\$ 3,139

At December 31, 2014, estimated receipts as approved by the Budget Commission did not agree to the Township’s accounting system. The variances and funds are as follows:

	Approved	UAN system	Variance
General Fund	\$187,882.00	\$151,950.00	\$ 35,932
Gasoline Tax Fund	142,179.00	92,162.00	\$ 50,017
Road and Bridge Fund	20,542.00	19,065.00	\$ 1,477
Fire Fund	65,755.00	62,004.00	\$ 3,751

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-004 (Continued)

Material Weakness (Continued)

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.

The Fiscal Officer should 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.

FINDING NUMBER 2015-005

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 2014:

- General Fund miscellaneous receipts increased \$464 to record errors from prior years;
- General Fund public works disbursements of \$66,258 were incorrectly posted as general government;
- General Fund intergovernmental receipt of \$1,119 was incorrectly posted as intergovernmental in the Road and Bridge Fund;
- General Fund public works disbursement of \$15,987 was incorrectly posted as debt service principal retirement;
- General Fund general government disbursements decreased \$35 and January 1, 2014 beginning fund balance decreased \$35 to agree to the December 31, 2013 audited ending fund balance
- General Fund miscellaneous receipt increased \$19 and January 1, 2014 beginning fund balance decreased \$19 to agree to the December 31, 2013 audited ending fund balance;
- General Fund unassigned fund balance of \$12,301 was reclassified as assigned fund balance;
- Motor Vehicle License Tax Fund beginning fund balance increased \$1,224 to record errors from prior years;
- Fire Fund beginning fund balance increased \$2,739 to record errors from prior years;
- Fire Fund debt service principal of \$12,600 and debt service interest and fiscal charges of \$3,096 were incorrectly classified as public safety disbursements;
- Fire Fund public safety disbursements of \$10,853 were incorrectly posted as general government;
- Fire Fund public safety disbursements of \$17,184 were incorrectly posted as other financing uses;
- Fire Fund intergovernmental receipts of \$6,051 were incorrectly posted as taxes;

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-005 (Continued)

Material Weakness (Continued)

- Gasoline Tax Fund public works disbursements increased \$464 to record errors from prior years;
- Gasoline Tax Fund beginning fund balance decreased \$1,547 to record errors from prior years;
- Gasoline Tax Fund public works disbursements decreased \$87 and January 1, 2014 beginning fund balance decreased \$87 to agree to the December 31, 2013 audited ending fund balance due to a voided check;
- Gasoline Tax Fund committed fund balance of \$42,062 was reclassified as restricted fund balance;
- Gasoline Tax Fund intergovernmental receipt and public works disbursement of \$4,000 were unrecorded;
- Road and Bridge beginning fund balance decreased \$1,535 to record errors from prior years;
- Road and Bridge Fund intergovernmental receipts of \$2,339 were incorrectly posted as taxes;
- Permissive Motor Vehicle License Fund beginning fund balance decreased \$881 to record errors from prior years; and
- Permissive Motor Vehicle License Fund committed fund balance of \$12,329 was reclassified as restricted fund balance.

In 2015:

- General Fund public works disbursements of \$48,247 were incorrectly posted as general government;
- General Fund general government disbursements of \$40,079 were incorrectly posted as health;
- General Fund unassigned fund balance of \$61,541 was reclassified as assigned fund balance;
- Motor Vehicle License Tax Fund intergovernmental receipt of \$946 was incorrectly posted to the Gasoline Tax Fund as intergovernmental;
- Fire Fund intergovernmental receipts of \$5,866 were incorrectly posted as taxes;
- Fire Fund debt service principal of \$13,100 and debt service interest and fiscal charges of \$2,529 were incorrectly classified as public safety disbursements;
- Fire Fund public safety disbursements of \$10,528 were incorrectly posted as general government;
- Gasoline Tax Fund intergovernmental receipt and public works disbursement of \$4,000 were unrecorded;
- Gasoline Tax Fund committed fund balance of \$28,595 was reclassified as restricted fund balance;
- Road and Bridge fund intergovernmental receipts of \$2,386 were incorrectly posted as taxes; and
- Permissive Motor Vehicle License Fund committed fund balance of \$14,807 was reclassified as restricted fund balance.

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

The Fiscal Officer should review the Township handbook for guidance on the correct line item to post various receipts and expenditures and also review Auditor of State Bulletin 2011-004 for proper reporting of fund balances to ensure the financial statements are complete and accurate.

Officials' Response: We did not receive responses from Officials to the Findings noted above.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Noncompliance citation of Ohio Rev. Code § 5705.09(C) for failure to establish a bond retirement fund.	No	Not Corrected. Reissued as Finding Number 2015-001.
2013-002	Noncompliance Citation/Significant Deficiency of Ohio Rev. Code § 5705.40 for system appropriations not agreeing to approved amounts.	No	Not Corrected. Reissued as Finding Number 2015-002.
2013-003	Noncompliance citation for Ohio Rev. Code § 5705.41(D)(1) for not properly encumbering.	No	Not Corrected. Reissued as Finding Number 2015-003.
2013-004	Significant deficiency for system estimated receipts not agreeing to approved amounts.	No	Not Corrected. Reissued as Finding Number 2015-004
2013-005	Material weakness for improper posting of receipts and disbursements	No	Not Corrected. Reissued as Finding Number 2015-005.



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
DECEMBER 8, 2016**