



Mary Taylor, CPA
Auditor of State

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

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Mary Taylor, CPA
Auditor of State

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

To the Board of 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.

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

Mary Taylor, CPA
Auditor of State

August 25, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township
Gallia County
P.O. 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, 2007 and 2006. 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(B) and 115.56 mandate 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.

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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, 2007 and 2006 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, 2007 and 2006, 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 and reserves for encumbrances of Springfield Township, Gallia County, Ohio, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2008, 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.



Mary Taylor, CPA
Auditor of State

August 25, 2008

**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, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 37,382	\$ 71,468	\$ 108,850
License, Permits and Fees	1,275		1,275
Intergovernmental	104,839	116,453	221,292
Charges for Services		10,609	10,609
Earnings on Investments	467	318	785
Miscellaneous	553	8,390	8,943
	<u>144,516</u>	<u>207,238</u>	<u>351,754</u>
Total Cash Receipts			
	<u>144,516</u>	<u>207,238</u>	<u>351,754</u>
Cash Disbursements:			
Current:			
General Government	50,288	200	50,488
Public Safety		76,740	76,740
Public Works		181,032	181,032
Health	74,157		74,157
Other	25		25
Capital Outlay	68	500	568
Debt Service:			
Redemption of Principal		19,885	19,885
Interest and Fiscal Charges		741	741
	<u>124,538</u>	<u>279,098</u>	<u>403,636</u>
Total Cash Disbursements			
	<u>124,538</u>	<u>279,098</u>	<u>403,636</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>19,978</u>	<u>(71,860)</u>	<u>(51,882)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		6,407	6,407
Transfers-Out		(6,407)	(6,407)
Other Financing Sources	704		704
Other Financing Uses		(2,489)	(2,489)
	<u>704</u>	<u>(2,489)</u>	<u>(1,785)</u>
Total Other Financing Receipts/(Disbursements)			
	<u>704</u>	<u>(2,489)</u>	<u>(1,785)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,682	(74,349)	(53,667)
Fund Cash Balances, January 1	<u>54,726</u>	<u>152,321</u>	<u>207,047</u>
Fund Cash Balances, December 31	<u>\$ 75,408</u>	<u>\$ 77,972</u>	<u>\$ 153,380</u>
Reserve for Encumbrances, December 31	<u>\$ 4,800</u>	<u>\$ 0</u>	<u>\$ 4,800</u>

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, 2006**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 36,410	\$ 70,242	\$ 106,652
Intergovernmental	37,154	133,029	170,183
Charges for Services		9,732	9,732
Earnings on Investments	577	283	860
Miscellaneous		1,378	1,378
	<u>74,141</u>	<u>214,664</u>	<u>288,805</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	46,593	200	46,793
Public Safety		78,714	78,714
Public Works	1,518	87,454	88,972
Health	2,894		2,894
Other		93	93
Capital Outlay	36	215	251
Debt Service:			
Redemption of Principal		19,469	19,469
Interest and Fiscal Charges		1,157	1,157
	<u>51,041</u>	<u>187,302</u>	<u>238,343</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	23,100	27,362	50,462
Other Financing Receipts / (Disbursements):			
Transfers-In		300	300
Transfers-Out	(300)		(300)
Other Financing Sources	1,680		1,680
	<u>1,380</u>	<u>300</u>	<u>1,680</u>
Total Other Financing Receipts / (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	24,480	27,662	52,142
Fund Cash Balances, January 1 (As Restated)	<u>30,246</u>	<u>124,659</u>	<u>154,905</u>
Fund Cash Balances, December 31	<u>\$ 54,726</u>	<u>\$ 152,321</u>	<u>\$ 207,047</u>
Reserve for Encumbrances, December 31	<u>\$ 4,800</u>	<u>\$ 0</u>	<u>\$ 4,800</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, 2007 AND 2006**

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 maintenance.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. 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. Cash

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:

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

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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, 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. 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 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 carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. Restatement of Fund Balances

The prior year audit report at December 31, 2005 had incorrect fund balances for the General Fund and Special Revenue Fund because of checks that were voided in 2006 that related to prior periods. This resulted in the following fund balance restatements:

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. Restatement of Fund Balances (Continued)

Governmental Funds:	Fund Balance at December 31, 2005	Restatement Amount	Fund Balance at January 1, 2006
General	\$ 27,135	\$ 3,111	\$ 30,246
Special Revenue	112,788	11,871	124,659
Total	<u>\$ 139,923</u>	<u>\$ 14,982</u>	<u>\$ 154,905</u>

3. Equity in Pooled Cash

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

	2007	2006
Demand deposits	<u>\$ 153,380</u>	<u>\$ 207,047</u>

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

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 138,010	\$ 145,220	\$ 7,210
Special Revenue	226,996	213,645	(13,351)
Total	<u>\$ 365,006</u>	<u>\$ 358,865</u>	<u>\$ (6,141)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 113,368	\$ 129,338	\$ (15,970)
Special Revenue	230,419	287,994	(57,575)
Total	<u>\$ 343,787</u>	<u>\$ 417,332</u>	<u>\$ (73,545)</u>

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 73,579	\$ 75,821	\$ 2,242
Special Revenue	202,596	214,964	12,368
Total	<u>\$ 276,175</u>	<u>\$ 290,785</u>	<u>\$ 14,610</u>

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. Budgetary Activity (Continued)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 78,580	\$ 56,141	\$ 22,439
Special Revenue	278,264	187,302	90,962
Total	\$ 356,844	\$ 243,443	\$ 113,401

Contrary to Ohio Rev. Code Section 5705.39, at December 31, 2006, appropriations exceeded estimated revenue in the Motor Vehicle License Tax Fund by \$19,019 and in the Road and Bridge Fund by \$673.

Contrary to Ohio Rev. Code Section 5705.41(B), at December 31, 2007, expenditures exceeded appropriations in the General Gasoline Tax and Fire District Funds.

5. 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.

6. Debt

Debt outstanding at December 31, 2007, was as follows:

	Principal	Interest Rate
OPWC Loan	\$ 25,000	0.00%
General Obligation Notes	12,918	3.96%
Total	\$37,918	

The Township obtained a no interest loan from the Ohio Public Works Commission (OPWC) for road reconstruction in Charolais Lake Estates in the amount of \$80,000 in 2001. The Township pays \$10,000 per year. 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, 2007 AND 2006
(Continued)**

6. Debt (Continued)

The Township obtained a General Obligation note from Farmers Bank and Savings Company to finance the purchase of a truck on June 21, 2004. The original amount of the note was \$48,063.14. Monthly payments in the amount of \$855.54 are due throughout the term of the note which concludes on June 21, 2009. 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:

Year ending December 31:	OPWC Loan	General Obligation Note
2008	\$ 10,000	\$ 10,266
2009	10,000	5,133
2010	5,000	
Total	\$ 25,000	\$ 15,399

7. 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 plan's benefits, which includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9.0%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries.

The Township has paid all contributions required through December 31, 2007.

8. 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

8. Risk Management (Continued)

Risk Pool Membership (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Assets	\$ 43,210,703	\$ 42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$ 29,852,866</u>	<u>\$ 29,921,614</u>

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

8. Risk Management (Continued)

Risk Pool Membership (Continued)

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$6,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

2005	\$	6,280
2006	\$	6,536
2007	\$	6,076

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

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Mary Taylor, CPA

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
P.O. 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, 2007 and 2006, and have issued our report thereon dated August 25, 2008, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. 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(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider a significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be a significant deficiencies in internal control over financial reporting: 2007-004 and 2007-005.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding number 2007-005 is also a material weakness.

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated August 25, 2008.

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 that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-001 through 2007-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 25, 2008.

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 and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 25, 2008

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Noncompliance Finding - Ohio Rev. Code Section 5705.39

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. When the appropriation does not exceed such official estimate, the county auditor shall give such certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure. Appropriations shall be made from each fund only for the purposes for which such fund is established.

At December 31, 2006, appropriations exceeded estimated revenue in the Motor Vehicle License Tax Fund by \$19,019 and in the Road and Bridge Fund by \$673. This could result in overspending.

We recommend the Township monitor budgetary data to ensure total appropriations from each fund do not exceed total estimated revenue certified by the County Auditor.

Officials' Response: The Township will not over appropriate in the future.

FINDING NUMBER 2007-002

Noncompliance Finding - Ohio Rev. Code Section 5705.41(B)

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, 2007, as follows:

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 108,568	\$ 124,538	\$ (15,970)
Gasoline Tax	108,407	162,439	(54,032)
Fire District	70,106	79,429	(9,323)
Total	<u>\$ 287,081</u>	<u>\$ 366,406</u>	<u>\$ (79,325)</u>

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: The Township will not over budget in the future.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-003

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

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.

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.

2. Blanket Certificate – The fiscal officer 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.

In 2007 and 2006, 63% and 56% of transactions tested, respectively, 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.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

FINDING NUMBER 2007-003 (Continued)

Noncompliance Finding - Ohio Rev. Code Section 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" certificates should be used.

We recommend the Township certify purchases to which Ohio Rev. Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the Township incurring a commitment, and only when the requirements of 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: Then and now certificates will be used.

FINDING NUMBER 2007-004

Significant Deficiency - Reporting of Approved Budgetary Information

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, 2007, estimated resources as approved by the Budget Commission did not agree to the Township's accounting system for six 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	Estimated Revenue Approved by Budget Commission	Estimated Revenue Posted to UAN System	Variance
General	\$ 138,010	\$ 195,020	\$ 57,010
Motor Vehicle License Tax	12,000	19,011	7,011
Gasoline Tax	108,600	108,574	(26)
Road and Bridge	15,569	13,683	(1,886)
Permissive MVL	20,039	21,038	999
Fire District	70,787	77,396	6,609

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-004 (Continued)

Significant Deficiency – Reporting of Approved Budgetary Information (Continued)

At December 31, 2007, we found appropriations as approved by the Township's Board of Trustees did not agree to the Township's accounting system at the legal level of control. The variances are as follows:

Fund	Appropriations per Ordinances	Appropriations Posted to UAN System	Variance
General	\$ 108,568	\$ 177,967	\$ (69,399)
Motor Vehicle License Tax	12,000	22,626	(10,626)
Gasoline Tax	108,407	156,200	(47,793)
Road and Bridge	13,500	17,750	(4,250)
Fire District	70,106	114,700	(44,594)

At December 31, 2006 estimated resources as approved by the Budget Commission did not agree to the Township's accounting system for six 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	Estimated Revenue Approved by Budget Commission	Estimated Revenue Posted to UAN System	Variance
General	\$ 73,579	\$ 70,655	\$ (2,924)
Motor Vehicle License Tax	33,029	15,015	(18,014)
Gasoline Tax	94,184	105,871	11,687
Road and Bridge	13,556	14,487	931
Permissive MVL	2,218	18,060	15,842
Fire District	59,610	52,600	(7,010)

At December 31, 2006, we found appropriations as approved by the Township's Board of Trustees did not agree to the Township's accounting system, at the legal level of control. The variances and funds are as follows:

Fund	Appropriations per Ordinances	Appropriations Posted to UAN System	Variance
Gasoline Tax	\$ 104,302	\$ 104,708	\$ (406)
Road and Bridge	17,062	17,468	(406)
Permissive MVL	34,519	34,986	(467)
Fire District	104,900	114,900	(10,000)

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-004 (Continued)

Significant Deficiency - Reporting of Approved Budgetary Information (Continued)

Due to budgetary information being improperly entered into the system, the management of the Township lost some degree of budgetary control.

We recommend the Fiscal Officer accurately post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Township's Board of Trustees into the computer system and only after receiving approval. 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: The Township will not over budget in the future.

FINDING NUMBER 2007-005

Material Weakness - Adjustments and Reclassifications

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 2007, General Fund intergovernmental receipts were improperly classified as taxes (\$13,445), Road & Bridge Fund (\$1,070) and Fire Fund (\$10,115). General Fund intergovernmental receipts were improperly classified as licenses and permits (\$212). Fire Fund intergovernmental receipts were improperly classified as miscellaneous receipts (\$1,364).
- In 2007, Motor Vehicle License Tax Fund intergovernmental receipts (\$364) were improperly posted to General Fund. Gallia county Commissioner's Allocation (\$4,000) was not posted as intergovernmental receipts to the UAN accounting system.
- In 2006, General Fund intergovernmental receipts (\$8,705) were improperly classified as taxes (\$8,182), licenses and permits (\$66), and other financing sources (\$457). Road & Bridge Fund intergovernmental receipts (\$11,081) were improperly classified as taxes (\$118) and miscellaneous receipts (\$10,963). MVR IRP Excess receipts (\$1,120) were improperly posted to Permissive MVL Fund rather than Motor Vehicle License Fund. Manufactured Rollback receipts (\$34) were improperly posted to Road & Bridge Fund rather than Fire Fund; Manufactured Rollback receipts (\$11) were improperly posted to Fire Fund rather than Road & Bridge Fund.
- In 2006, Gasoline Tax Fund intergovernmental receipts were improperly classified as miscellaneous receipts (\$8,615). In addition, Gallia County Commissioner's Allocation (\$4,000) was not posted as intergovernmental receipts to the UAN accounting system.
- In 2006, General Fund taxes were improperly classified as intergovernmental receipts (\$181), Road & Bridge taxes (\$60), and Fire Fund taxes (\$184).

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-005 (Continued)

Material Weakness - Adjustments and Reclassifications (Continued)

- In 2007, expenditures were improperly posted to Capital Outlay (\$10,626) rather than Redemption of Principal (\$9,885) and Interest (\$741) in the Gasoline Tax Fund (\$10,626); Public Works in the Motor Vehicle Fund (\$5,000), and Health in the General Fund (\$5,000), rather than Redemption of Principal in the Gasoline Tax Fund (\$10,000).
- In 2006, expenditures were improperly posted to Capital Outlay (\$10,625) in the Permissive Tax Fund and Public Works (\$1) in the Gasoline Tax Fund rather than Redemption of Principal (\$9,469) and Interest (\$1,157) in the Gasoline Tax Fund (\$10,626) and expenditures were improperly posted to General Government (\$5,000) in the General Fund, and Public Works in the Motor Vehicle Fund (\$5,000), rather than Redemption of Principal in the Gasoline Tax Fund (\$10,000).

All of the above noted adjustments have been posted to the financial statements and to the Township's UAN accounting system.

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

Officials' Response: The Auditor of State's office gave the Fiscal Officer a copy of where the funds go. The Township will put funds in proper accounts in the future.

**SPRINGFIELD TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Rev. Code Section 5705.41(B), for expenditures exceeding appropriations.	No	Not Corrected; Re-issued in the current Schedule of Findings as 2007-002.
2005-002	Ohio Rev. Code Section 5705.41(D), for not certifying availability of funds prior to incurring an obligation.	No	Not Corrected; Re-issued in the current Schedule of Findings as 2007-003.
2005-003	Material Weakness – General Operating Account not reconciling monthly.	No	Partially Corrected; Re-issued in our letter to management.



Mary Taylor, CPA
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
OCTOBER 14, 2008**