



Mary Taylor, CPA
Auditor of State

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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Mary Taylor, CPA

Auditor of State

Springfield Township
Summit County
2459 Canfield Road
Akron, Ohio 44312

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 Township 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 15, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township
Summit County
2459 Canfield Road
Akron, Ohio 44312

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Summit County, Ohio, (the Township) as of and for the year ended December 31, 2007. 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2007 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, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Springfield Township, Summit County, Ohio, as of December 31, 2007, and its combined cash receipts and disbursements for the year 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 15, 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 15, 2008

**SPRINGFIELD TOWNSHIP
SUMMIT 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>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$445,940	\$3,336,650		\$3,782,590
Charges for Services		387,272		387,272
Licenses, Permits, and Fees	107,687	0		107,687
Fines and Forfeitures	26,699	0		26,699
Intergovernmental	914,350	594,013		1,508,363
Special Assessments	7,893	0		7,893
Earnings on Investments	148,409	13,653		162,062
Miscellaneous	59,748	120,733		180,481
	<u>1,710,726</u>	<u>4,452,321</u>		<u>6,163,047</u>
Cash Disbursements:				
Current:				
General Government	683,353			683,353
Public Safety	25,905	3,729,190		3,755,095
Public Works	118,822	670,885		789,707
Health	12,800			12,800
Conservation - Recreation	45,185			45,185
Miscellaneous		158,695	\$9,999	168,694
Capital Outlay		44,638		44,638
Contractual Services		10,905		10,905
Supplies and Materials		33,186		33,186
	<u>886,065</u>	<u>4,647,499</u>	<u>9,999</u>	<u>5,543,563</u>
Total Receipts Over/(Under) Disbursements	<u>824,661</u>	<u>(195,178)</u>	<u>(9,999)</u>	<u>619,484</u>
Other Financing Receipts / (Disbursements):				
Transfers-In		117,193	28,296	145,489
Transfers-Out	(145,489)			(145,489)
Other Financing Uses		(53,615)		(53,615)
	<u>(145,489)</u>	<u>63,578</u>	<u>28,296</u>	<u>(53,615)</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	679,172	(131,600)	18,297	565,869
Fund Cash Balances, January 1	797,335	1,511,387	0	2,308,722
Fund Cash Balances, December 31	<u>\$1,476,507</u>	<u>\$1,379,787</u>	<u>\$18,297</u>	<u>\$2,874,591</u>

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

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Private Purpose Trust	Agency	
Non-Operating Cash Receipts:			
Other Non-Operating Cash Receipts		\$55,540	\$55,540
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements		27,600	27,600
Net Receipts Over/(Under) Disbursements	\$0	27,940	27,940
Fund Cash Balances, January 1	500	3,799	4,299
Fund Cash Balances, December 31	\$500	\$31,739	\$32,239

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

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

The Township participates in a joint venture, a related organization and a public entity risk pool. Notes 7, 9 and 10 to the financial statements provides additional information for these entities. These organizations are:

Jointly Venture:

Joint Economic Development District

Related Organization:

Springfield Township Local Cable Communications Board, Inc.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA)

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 and Investments

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

The investment in an overnight repurchase agreement is valued 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:

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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:

Police Fund - This fund receives local property tax money for general operation of the police department.

3. Capital Project Funds

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

Capital Equipment Fund – This fund receives transfers from the General Fund and is used to account for capital equipment.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds are for the benefit of the Township's EMS and Law Enforcement departments.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for bond monies held in escrow in accordance with contracts issued for construction and rehabilitation projects.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 canceled, and reappropriated in the subsequent year.

A summary of 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Pooled Cash and Investments

The Township maintains a cash and investments 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:

	<u>2007</u>
Demand deposits	(\$133,170)
Investments:	
Repurchase agreement	<u>3,040,000</u>
Total deposits and investments	<u><u>\$2,906,830</u></u>

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

2. Equity Pooled in Cash and Investments (Continued)

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

The negative demand deposit is covered by resources that are available by the overnight repurchase agreement.

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

3. Budgetary Activity

Budgetary activity for the years ending 2007 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,400,960	\$1,710,726	\$309,766
Special Revenue	4,547,109	4,569,514	22,405
Capital Projects	100,000	28,296	(71,704)
Fiduciary	87,786	0	(87,786)
Total	\$6,135,855	\$6,308,536	\$172,681

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,903,785	\$1,031,554	\$872,231
Special Revenue	5,206,511	4,701,114	505,397
Capital Projects	100,000	9,999	90,001
Fiduciary	68,686	0	68,686
Total	\$7,278,982	\$5,742,667	\$1,536,315

Contrary to Ohio Law, Appropriations exceeded Estimated Resources by \$845 in the D.A.R.E. Grant fund and Budgetary Expenditures exceeded Appropriation Authority by \$164,309 in the Fire District Fund. Additionally, several funds had negative cash balances ranging from \$36 to \$23,009 throughout the year.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

4. Property Tax

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

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

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

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

5. Leases

Lease outstanding at December 31, 2007 was as follows:

	Principal	Interest Rate
Equipment Lease	\$168,324	5%

The Township entered into an equipment lease in July 2005 to finance a Crew Cab Truck, Type 3 Ambulance, and Extrication Equipment. In May 2007, the Township also entered into a lease for a Front-End Loader.

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

	Equipment Lease
Year ending December 31:	
2008	\$55,084
2009	55,084
2010	42,150
2011	24,040
Total	\$176,358

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

6. Retirement Systems

The Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007, OP&F participants contributed 10% of their wages. For 2007, the Township contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2007, OPERS members contributed 9.5% of their gross salaries and the Township contributed an amount equaling 13.85% of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

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. 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.

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. 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 PEP'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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

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.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

7. Risk Management (Continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 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:

	<u>2007</u>
Assets	\$43,210,703
Liabilities	<u>(13,357,837)</u>
Net Assets	<u>\$29,852,866</u>

At December 31, 2007, liabilities above include approximately \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007. 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 \$67,774. 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.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

7. Risk Management (Continued)

<u>Contributions to OTARMA</u>	
2006	\$68,115
2007	59,578

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

8. Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

9. Joint Economic Development District

The Township is a member of a Joint Economic Development District (JEDD) with the City of Akron. The City of Akron provides city services to business within the District and subsequently is permitted to collect income tax on those employees of the business district. At the same time, the JEDD prevents the annexation of Township property by the City and maintains the Township's property tax base. The Township has no equity interest in the JEDD. Complete financial statements can be obtained from the City of Akron.

10. Related Organization - Springfield Township Local Cable Communications Board, Inc.

The Township appoints four of the five members of the Springfield Township Local Cable Communications Board, Inc. (Board). The Board operates, maintains, manages, and regulates the cable television programming and charges and receives 2% franchise fees on behalf of its member communities (Lakemore Village and Springfield Township). The Board hires and fires its own staff and does not rely on the Township to finance deficits. The Township is not financially accountable for the Board nor is the Board financially dependent on the Township. The Board serves as its own budgeting, taxing and debt issuance authority. Per agreement between all parties, the Township performs the payroll function for Board for the Director's salary and the Board reimburses the Township on a quarterly basis. The Township received \$29,550 during 2007. Complete financial statements can be obtained from the Springfield Township Local Cable Communications Board, Inc.



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
Summit County
2459 Canfield Road
Akron, Ohio 44312

To the Township Board of Trustees:

We have audited the financial statements of Springfield Township, Summit County, Ohio, (the Township) as of and for the year ended December 31, 2007, and have issued our report thereon dated August 15, 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 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 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 significant deficiencies in internal control over financial reporting: 2007-003 and 2007-004.

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. Of the significant deficiencies described above, we believe finding numbers 2007-003 and 2007-004 are also material weaknesses.

We noted certain matters that we reported to the Township's management in a separate letter dated August 15, 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 and 2007-002.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated August 15, 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 the audit committee, management, and Township Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 15, 2008

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Finding For Recovery Repaid Under Audit – Overpayment

According to the Administrative/Zoning Secretary, Patty Price's, timesheet, the total hours worked for payroll period ending July 31, 2007 were 31 hours. However, according to the Township payroll records and the pay stub, Patty Price was incorrectly paid for 52 hours caused by a data entry error by the former Fiscal Officer. As a result, an overpayment of \$271.74 occurred as calculated below.

Hours Paid	Hours Worked	Hours Overpaid	Pay Rate	Overpayment
52 Hours	- 31 Hours	= 21 Hours	X \$12.94 per hour	= <u>\$ 271.74</u>

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Patty Price, Administrative/Zoning Secretary, in the amount of \$271.74, and in favor of the Springfield Township General Fund, in the amount of \$271.74.

On June 20, 2008, Patty Price completed repayment to the Township in the amount of \$271.74.

Officials Response: We did not receive a response from the Officials for this finding.

FINDING NUMBER 2007-002

Finding For Recovery – Overpayment

According to the Collective Bargaining Agreement between the Springfield Township Board of Trustees and the Springfield Township Fire Fighters, IAFF Local 3040, Fire Shift Supervisors are to be paid vacation time on the base rate established in the collective agreement. Fire Shift Supervisor, Christopher Bryan, was paid vacation time for the period of August 1, 2006 through July 31, 2007 at the overtime rate established by the collective agreement instead of the base rate due to a data entry error by the former Fiscal Officer. As a result, an overpayment of \$1,964.16 occurred as calculated in the following table:

Pay Date	Fund Paid From	Hourly Rate Paid	Hourly Rate Should Have Paid		Hourly Rate Overpayment		Vacation Hours		Overpayment	Trustees Authorizing Payment
8/4/06	Fire District	\$ 27.96	\$ 18.64	=	\$ 9.32	x	48	=	\$ 447.36	Deborah Davis Bruce Killian
10/13/06	EMS Levy	\$ 28.80	\$ 19.20	=	\$ 9.60	x	24	=	\$ 230.40	Bruce Killian Vincent Mealy
1/9/07	Fire District	\$ 28.80	\$ 19.20	=	\$ 9.60	x	14	=	\$ 134.40	Deborah Davis Bruce Killian
4/13/07	Fire District	\$ 28.80	\$ 19.20	=	\$ 9.60	x	24	=	\$ 230.40	Deborah Davis Bruce Killian Vincent Mealy
4/27/07	Fire District	\$ 28.80	\$ 19.20	=	\$ 9.60	x	96	=	\$ 921.60	Deborah Davis Bruce Killian
Total Overpayment									\$ 1,964.16	

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. Seward v. National Surety Corp. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. Village of Linndale v. Masten (1985), 18 Ohio St. 3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Christopher Bryan, Fire Shift Supervisor; Richard W. Huber, Fiscal Officer; and his bonding companies, Ohio Township Association Risk Management Authority and Travelers Casualty and Surety Company of America; jointly and severally, in the amount of \$1,964.16, and against R. Bruce Killian, Trustee; Vincent J. Mealy, Trustee; Deborah Davis, Trustee; and their bonding company, Ohio Township Association Risk Management Authority, jointly and severally in the corresponding dollar amounts listed above, and would be in the total amount of \$1,964.16, and in favor of Springfield Township, Fire District Fund, in the amount of \$1,733.76, and EMS Special Levy Fund, in the amount of \$230.40.

Richard W. Huber, Fiscal Officer; R. Bruce Killian, Trustee; Vincent J. Mealy, Trustee; and Deborah Davis, Trustee, shall be secondarily liable for such illegal expenditures to the extent that recovery or restitution is not obtained from Christopher Bryan, Fire Shift Supervisor.

On May 8, 2008 the Board of Trustees authorized a repayment plan for the Fire Shift Supervisor's overpayment.

Officials' Response: Chris Bryan has applied for disability retirement due to non-job related injuries. To date, the township has not been able to collect any monies from the repayment plan approved by the Board of Trustees on May 8, 2008 as he has been off work during this time. The hope is that once his disability is approved, the overpayment will be repaid.

FINDING NUMBER 2007-003

Material Weakness - Financial Reporting

The following errors were noted in the financial statements that required audit adjustments:

- Intergovernmental Revenues including Homestead and Rollback monies, Estate Taxes, and Local Government Revenue totaling \$540,285 were misclassified as Property Tax Revenue in various funds.
- A total of \$34,728 was misclassified in the General Fund as License Fees and Permits. A portion of these monies, \$19,700, should have been classified as Other Revenue, while the remaining \$15,028 should have been classified as Intergovernmental Revenue.
- General Fund Special Assessments Revenue totaling \$7,893 was misclassified as Other Revenue.
- General Fund JEDD Revenue totaling \$98,923 was misclassified as General Fund Other Revenue. These monies should have been classified as Intergovernmental Revenue.
- General Fund Property Tax Revenue totaling \$2,311 was misclassified as General Fund Other Revenue.
- Criminal Justice Grant Revenue totaling \$12,852 were misclassified as Other Revenues in the Police District Fund. These monies should have been classified as Intergovernmental Revenue.
- Agency Fund Other Financing Sources totaling \$55,540 was misclassified as Other Revenue.
- Police District Fund Witness Fees Revenue totaling \$169 was misclassified as Property Tax Revenue. These monies should have been classified as Other Revenue.
- Transfers in did not equal transfers out by \$29,681.

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.

To help ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and the Board, to identify and correct errors and omissions. The Fiscal Officer should also review the accounting system chart of accounts and the Township Handbook's chart of accounts to help ensure all accounts are being properly posted to the financial statements and adequate account classification exist.

Officials' Response: In 2008 extra care has been taken to ensure that receipts are properly posted to the correct fund lines. The Township is also in the process of switching to the UAN Accounting System which has better tracking capabilities for the various funds.

FINDING NUMBER 2007-004

Material Weakness - Bank Reconciliations

A necessary step in the internal control over financial reporting is to reconcile the bank balance and to the cash balance within the accounting records. A bank reconciliation means accounting for the differences between the balance on the bank statement(s) and the cash and investment balances according to the Township's records at a specific point in time. During testing of bank reconciliations, the following was noted:

- Bank reconciliations were not performed timely.
- An unreconciled difference of \$103.82 existed at December 31, 2007.

FINDING NUMBER 2007-004 (Continued)

- The outstanding check listing was incomplete. Outstanding checks were listed as \$123,329.57 instead of \$132,101.22 at December 31, 2007.
- Long outstanding reconciling items from 2004 between \$50 to \$8,797 were included on the December 31, 2007 reconciliation.
- Bank reconciliations were not presented to the Board for their review and approval.

As an established control procedure, monthly bank to book reconciliations should be prepared by the Township Fiscal Officer and then reviewed and accepted by the Board of Trustees. Without complete and accurate monthly bank reconciliations, the Township's internal control is significantly weakened which could hinder the timely detection of errors or irregularities by the Township's management. In addition, Township management is not provided with timely fiscal information that is vital to the continued operation and decision making process of the Township.

The Township should perform timely complete monthly bank reconciliations. Performing bank reconciliations on a monthly and timely basis will help to ensure there is support for all reconciling items. A copy of the monthly bank reconciliation and the listing of outstanding checks should be provided to the Trustees for their review on a monthly basis. All reconciling items should be appropriately documented. Any unreconciled differences should be investigated, resolved, and documented as quickly as possible so they are not carried forward from month-to-month.

Officials' Response: For 2008, bank reconciliations are being done on a timely basis. Longstanding reconciling items have been cleared and documented. The Board gets a copy of the monthly reconciliation along with all other monthly financial reports. The chairman signs a copy to be kept in the file.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Financial Reporting	No	See Finding 2007-003
2006-002	Bank Reconciliations	No	See Finding 2007-004
2006-003	Financial Report Review	Yes	N/A
2006-004	Ohio Rev. Code § 5705.36(A) – Timely filing of Certificate of the Total Amount from All Sources Available for Expenditure	Yes	N/A
2006-005	Ohio Rev. Code § 5705.39 – Total appropriations exceeded total estimated resources.	No	Partially Corrected – See the Management Letter
2006-006	Ohio Rev. Code § 5705.10(H) – Negative Cash Balances	No	Partially Corrected – See the Management Letter
2006-007	Ohio Rev. Code § 5705.40 – Appropriations were not filed timely with the County Fiscal Officer.	No	Partially Corrected – See the Management Letter
2006-008	Ohio Rev. Code § 5705.41(B) – Expenditures exceeded appropriations.	No	Not Corrected – See the Management Letter



Mary Taylor, CPA
Auditor of State

SPRINGFIELD TOWNSHIP

SUMMIT 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
SEPTEMBER 25, 2008**