



**SPENCER TOWNSHIP
LUCAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009



Mary Taylor, CPA
Auditor of State

**SPENCER TOWNSHIP
LUCAS COUNTY**

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Mary Taylor, CPA
Auditor of State

Spencer Township
Lucas County
630 N. Mielke Road, P.O. Box 28
Holland, Ohio 43528-0028

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 18, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Spencer Township
Lucas County
630 N. Mielke Road, PO Box 28
Holland, Ohio 43528-0028

To the Board of Trustees:

We have audited the accompanying financial statements of Spencer Township, Lucas County, (the Township) as of and for the years ended December 31, 2009 and 2008. 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.

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, 2009 and 2008 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, 2009 and 2008, 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 Spencer Township, Lucas County, as of December 31, 2009 and 2008, 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 18, 2010, 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 18, 2010

**SPENCER TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<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	\$82,022	\$160,248		\$242,270
Charges for Services		21,158		21,158
Licenses, Permits, and Fees	5,716			5,716
Intergovernmental	78,830	121,139	\$30,562	230,531
Earnings on Investments	2	1		3
Miscellaneous	4,900	2,910		7,810
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	171,470	305,456	30,562	507,488
Cash Disbursements:				
Current:				
General Government	122,013	27,807		149,820
Public Safety		119,821		119,821
Public Works	3,978	56,450		60,428
Capital Outlay	14,803	41,815	30,562	87,180
Debt Service:				
Redemption of Principal	16,260	35,072		51,332
Interest and Other Fiscal Charges	1,241	3,717		4,958
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	158,295	284,682	30,562	473,539
Total Receipts Over Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	13,175	20,774		33,949
Other Financing Receipts / (Disbursements):				
Transfers-In		245		245
Transfers-Out	(245)			(245)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	(245)	245		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	12,930	21,019		33,949
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	1,575	52,511		54,086
Fund Cash Balances, December 31	<hr/> \$14,505	<hr/> \$73,530	<hr/>	<hr/> \$88,035
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$1,688	\$5,110		\$6,798

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

**SPENCER TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$96,292	\$93,068	\$189,360
Charges for Services		41,866	41,866
Licenses, Permits, and Fees	12,520		12,520
Intergovernmental	112,969	103,362	216,331
Earnings on Investments	51	20	71
Miscellaneous		6,620	6,620
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	221,832	244,936	466,768
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	184,779	36,764	221,543
Public Safety		86,711	86,711
Public Works	3,629	72,188	75,817
Capital Outlay	2,015	27,312	29,327
Debt Service:			
Redemption of Principal	25,377	49,537	74,914
Interest and Other Fiscal Charges	3,792	5,849	9,641
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	219,592	278,361	497,953
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	2,240	(33,425)	(31,185)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	(665)	85,936	85,271
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$1,575	\$52,511	\$54,086
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$1,111	\$586	\$1,697
	<hr/>	<hr/>	<hr/>

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

**SPENCER TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Spencer Township, Lucas 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, fire protection and emergency medical services

The Township participates in Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 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. 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.

Fire District Fund – This fund receives property tax for maintenance and operation of the Township Fire Department.

**SPENCER TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Capital Project Fund

This fund accounts 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 Fund:

Miscellaneous Capital Projects Generator Grant - The Township received a grant from the State of Ohio to replace a road in the Township.

D. 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 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 carried over, and need not be reappropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

E. 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.

F. 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.

**SPENCER TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

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:

	2009	2008
Demand deposits	\$88,035	\$54,086

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$200,280	\$171,470	(\$28,810)
Special Revenue	329,233	305,701	(23,532)
Capital Projects	30,562	30,562	
Total	\$560,075	\$507,733	(\$52,342)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$202,102	\$160,228	\$41,874
Special Revenue	371,452	289,792	81,660
Capital Projects	30,562	30,562	
Total	\$604,116	\$480,582	\$123,534

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$258,817	\$221,832	(\$36,985)
Special Revenue	279,405	244,936	(34,469)
Total	\$538,222	\$466,768	(\$71,454)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$235,199	\$220,703	\$14,496
Special Revenue	310,945	278,947	31,998
Total	\$546,144	\$499,650	\$46,494

**SPENCER TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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.

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

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

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bank Loan - Town Hall	\$15,642	3.50%
Bank Loan - Fire Station	12,572	3.50%
Bank Loan - Payoff Line of Credit	47,098	5.00%
Bank Loan - Schwamberger Road Project	34,560	4.85%
Total	<u>\$109,872</u>	

The line of credit obtained in 2005 was used to pay the operating expenses of the Township.

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

Year ending December 31:	<u>Town Hall</u>	<u>Fire Station</u>	<u>Line of Credit</u>	<u>Schwamberger Road Project</u>
2010	\$15,846	\$12,737	\$19,512	\$8,438
2011			19,512	8,438
2012			11,273	8,438
2013				8,438
2014				4,853
Total	<u>\$15,846</u>	<u>\$12,737</u>	<u>\$50,297</u>	<u>\$38,605</u>

**SPENCER TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008:

**SPENCER TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management (Continued)

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$27,000.

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>2009</u>	<u>2008</u>
\$25,606	\$16,637

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.



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*

Spencer Township
Lucas County
630 N. Mielke Road, P.O. Box 28
Holland, Ohio 43528-0028

To the Board of Trustees:

We have audited the financial statements of Spencer Township, Lucas County (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 18, 2010 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 18, 2010.

We intend this report solely for the information and use of management, the Board of Trustees and others within the Township. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 18, 2010

**SPENCER TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding Number 2009-001

Material Weakness - Entering Financial Data into the Accounting System

The Township should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements. The Fiscal Officer did not always accurately post receipts and expenditures to the Township's accounting system, resulting in numerous audit adjustments.

In 2009, we had two adjustments in the General Fund totaling \$25,611 for misclassifying Intergovernmental Revenue as Property and Other Local Taxes Revenue; one adjustment in the Fire District Fund totaling \$30,727 for misclassifying Intergovernmental Revenue as Property Taxes and Other Local Taxes; and one adjustment in the Debt Service Fund totaling \$3,249 to remove a receipt from the Debt Service Fund that was intended to be posted to the General Fund as Property and Other Local Taxes.

In 2008, we had two adjustments in the General Fund totaling \$52,168 to properly post debt service payments as Principal and Interest and for misclassifying Property and Other Local Taxes revenue as intergovernmental revenue; one adjustment in the Motor Vehicle License Tax Fund totaling \$1,626 to properly post debt service payments as Principal and Interest payments; one adjustment in the Gasoline Tax Fund totaling \$19,747 to properly post debt service payments as Principal and Interest payments; one adjustment in the Fire District Fund totaling \$25,540 to properly post debt service payments as Principal and Interest payments; and one adjustment in the Permissive Motor Vehicle License Tax Fund totaling \$8,473 to properly post debt service payments as Principal and Interest payments.

Not posting financial information accurately to the ledgers resulted in the financial statements requiring audit reclassifications and adjusting entries. The accompanying financial statements and Township's accounting records have been adjusted to reflect these changes.

We recommend the Township's Fiscal Officer take steps to ensure the accurate posting of all financial activity. Cash receipts and expenditures posting should be made in accordance with procedures and posting guidelines established by the Uniform Accounting Network. By exercising accuracy in recording financial activity, the Township can reduce posting errors and increase the reliability of financial data throughout the year. We also recommend the Board of Trustees more closely monitor financial information posting to help detect any posting errors or inaccuracies.

Officials' Response:

We did not receive a response from Officials to this finding.

**SPENCER TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	ORC 5705.10(D) for revenue recorded in the incorrect funds.	Yes	
2007-002	ORC 5705.41(B) for expenditures in excess of appropriations.	Yes	
2007-003	ORC 5705.39 for appropriations in excess of estimated resources.	Yes	
2007-004	Material weakness for errors in posting of Revenues and Expenditures	No	Reissued as Finding 2009-001 In this report.



Mary Taylor, CPA
Auditor of State

SPENCER TOWNSHIP

LUCAS 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 12, 2010**