



Mary Taylor, CPA  
Auditor of State



**SPRINGFIELD TOWNSHIP  
MAHONING COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township  
Mahoning County  
3475 E. South Range Rd  
New Springfield, Ohio 44443

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Mahoning County, Ohio (the Township), as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Mahoning County, Ohio, as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Fire and Rescue, and Police funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Mary Taylor, CPA**  
Auditor of State

July 31, 2008

Springfield Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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This discussion and analysis of Springfield Township's financial performance provides an overall review of Springfield Township's financial activities for the year ended December 31, 2006, within the limitations of Springfield Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of Springfield Township's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

Net assets of governmental activities increased by \$213,696.00 from the prior year.

Springfield Township's general receipts are primarily property taxes and tipping fees from the local landfill.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to Springfield Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of Springfield Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of Springfield Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of Springfield Township's entity-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. Springfield Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under Springfield Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Springfield Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Reporting Springfield Township's Most Significant Funds**

Fund financial statements provide detailed information about Springfield Township's major funds – not Springfield Township as a whole. Springfield Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of Springfield Township are governmental we have no proprietary (Our ambulance service is funded by billing and by voted millage on property tax) and we have no fiduciary funds

Governmental Funds – All of Springfield Township's activities are reported in governmental funds. Springfield Township's fund financial statements provide a detailed view of Springfield Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance Springfield Township's programs. Springfield Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. Springfield Township's major governmental funds are in the General Fund, Fire and Rescue Fund, and Police Fund.

**Springfield Township's as a Whole**

Table 1 provides a summary of Springfield Township's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Cash and Cash Equivalents	\$ 2,374,306	\$ 2,160,610
Total Assets	2,374,306	2,160,610
<b>Net Assets</b>		
Restricted for:		
Debt Service	-	-
Capital Projects	6,325	6,325
Other Purposes	948,822	855,877
Unrestricted	1,419,159	1,298,408
Total Net Assets	\$ 2,374,306	\$ 2,160,610

Springfield Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

Table 2 reflects the changes in net assets in 2005 and 2006.

(Table 2)

**Changes in Net Assets**

	Governmental Activities 2005	Governmental Activities 2006	Change 2005/2006
<b>Receipts:</b>			
Property taxes	\$ 887,677	\$ 1,168,878	\$ (281,201)
Charges for Services	91,087	94,462	(3,375)
Licenses, Permits and Fees	122,099	112,215	9,884
Fines	10,471	15,213	(4,742)
Intergovernmental	866,368	402,835	463,533
Special Assessments	49	127	(78)
Earnings on Investments	47,249	80,392	(33,143)
Miscellaneous	43,396	285,092	(241,696)
<b>Total Receipts</b>	<b>2,068,396</b>	<b>2,159,214</b>	<b>(90,818)</b>
<b>Disbursements:</b>			
<b>Current</b>			
General Government	729,423	822,125	(92,702)
Public Safety	255,781	411,938	(156,157)
Public Works	202,987	311,680	(108,693)
Health	31,564	38,162	(6,598)
Capital Outlay	572,024	275,963	296,061
<b>Debt Service</b>			
Principal Retirement		86,191	(86,191)
Interest and Fiscal Charges		1,682	(1,682)
<b>Total Disbursements</b>	<b>1,791,779</b>	<b>1,947,741</b>	<b>(155,962)</b>
<b>Other financing sources</b>			
Sale of fixed assets	30,092		30,092
Other financing sources	3,105	2,716	389
other financing uses		(493)	493
Transfer In	1		1
Transfer Out	(1)		(1)
Advances In	74,867	319,000	(244,133)
Advances out	(74,867)	(319,000)	244,133
<b>Total other financing sources</b>	<b>33,197</b>	<b>2,223</b>	<b>30,974</b>
Excess (Deficiency) Before Transfers			
Increase (Decrease) in Net Assets	309,814	213,696	96,118
Net Assets, January 1	1,850,796	2,160,610	(309,814)
Net Assets, December 31	<u>\$ 2,160,610</u>	<u>\$ 2,374,306</u>	<u>\$ (213,696)</u>

Springfield Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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Property taxes, and intergovernmental receipts were the primary support for Springfield Township; Disbursements for General Government represent the overhead costs of running Springfield Township and the support services provided for the other Government activities. These include the costs of Trustee, Fiscal Officer, payroll, repair and maintenance to our buildings and purchasing.

**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are general government and capital outlay, which account for 41 and 32 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2006	2006	2005	2005
General Government	\$822,124	(\$684,043)	\$729,423	(\$585,294)
Public Safety	411,937	(294,722)	255,781	(148,307)
Public Works	311,681	(190,467)	202,987	52,548
Health	38,162	(38,162)	31,564	(31,564)
Other	493	(493)		
Capital Outlay	275,963	(275,963)	572,024	(572,024)
Principal Retirement	86,191	(86,191)		
Interest and Fiscal Charges	1,682	(1,682)		
<b>Total Expenses</b>	<b>\$1,948,233</b>	<b>(\$1,571,723)</b>	<b>\$1,791,779</b>	<b>(\$1,284,641)</b>

**Springfield Township's Funds**

In 2006 we had an increase in the total property tax receipts due to the passage of property tax levies. Our charges for services increased due to the number of runs for the Rescue Squad had increased. There was a significant decrease from 2005 to 2006 in the intergovernmental receipts due to a Fire Fighters Assistance grant that we had obtained in 2005 that we did not have in 2006.

General Fund receipts were more than the disbursements which means we are staying within our means and we will continue to monitor our spending.

**General Fund Budgeting Highlights**

Springfield Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006, Springfield Township's amended its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

Springfield Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Capital Assets and Debt Administration**

**Capital Assets**

Springfield Township has three fire stations. The ambulance and police cars are stationed at the administration building. We also have two road department garages on site and all vehicles and equipment are stationed in the garages.

**Debt**

At December 31, 2006 Springfield Township's obligated debt is \$163,574 for the purchase of a new fire truck. This debt funded by a fire levy that was passed for the purchase of new fire and rescue squad vehicles.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on property taxes and have very little industry to support the tax base.

**Contacting Springfield Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of Springfield Township's finances and to reflect Springfield Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Patti Gibson, Fiscal Officer for Springfield Township at 3475 E. South Range Rd. New Springfield, Ohio 44443.

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**SPRINGFIELD TOWNSHIP, MAHONING COUNTY**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2006*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	<u>\$ 2,374,306</u>
<i>Total Assets</i>	<u><u>\$ 2,374,306</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 6,325
Other Purposes	948,822
Unrestricted	<u>1,419,159</u>
<i>Total Net Assets</i>	<u><u>\$ 2,374,306</u></u>

See accompanying notes to the basic financial statements

**SPRINGFIELD TOWNSHIP, MAHONING COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2006*

	<u>Program Cash Receipts</u>			Net (Disbursements) Receipts and Changes in Net Assets
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
General Government	\$ 822,124	\$ 126,770	\$ 11,311	\$ (684,043)
Public Safety	411,937	95,247	21,968	(294,722)
Public Works	311,681	-	121,214	(190,467)
Health	38,162	-	-	(38,162)
Other	493	-	-	(493)
Capital Outlay	275,963	-	-	(275,963)
Debt Service:				-
Principal	86,191	-	-	(86,191)
Interest	<u>1,682</u>	<u>-</u>	<u>-</u>	<u>(1,682)</u>
<i>Total Governmental Activities</i>	1,948,233	222,017	154,493	(1,571,723)
<b>General Receipts</b>				
Property Taxes				1,292,320
Grants and Entitlements not Restricted to Specific Programs				129,193
Earnings on Investments				80,392
Miscellaneous				<u>283,514</u>
<i>Total General Receipts</i>				<u>1,785,419</u>
Change in Net Assets				213,696
<i>Net Assets Beginning of Year</i>				<u>2,160,610</u>
<i>Net Assets End of Year</i>				<u>\$ 2,374,306</u>

See accompanying notes to the basic financial statements

**SPRINGFIELD TOWNSHIP, MAHONING COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	GENERAL	FIRE AND RESCUE	POLICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>					
Cash	\$ 1,419,159	\$ 329,413	\$ 142,983	\$ 482,751	\$ 2,374,306
<i>Total Assets</i>	<u>\$ 1,419,159</u>	<u>\$ 329,413</u>	<u>\$ 142,983</u>	<u>\$ 482,751</u>	<u>\$ 2,374,306</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$ 11,338	\$ 2,443	\$ 2,921	\$ 7,922	\$ 24,624
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	1,407,821	-	-	-	1,407,821
Special Revenue Funds	-	326,970	140,062	468,504	935,536
Capital Projects Funds	-	-	-	6,325	6,325
<i>Total Fund Balances</i>	<u>\$ 1,419,159</u>	<u>\$ 329,413</u>	<u>\$ 142,983</u>	<u>\$ 482,751</u>	<u>\$ 2,374,306</u>

See accompanying notes to the basic financial statements

**SPRINGFIELD TOWNSHIP, MAHONING COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	GENERAL	FIRE AND RESCUE	POLICE	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>					
Property and Other Local Taxes	\$ 297,460	\$ 226,000	\$ 431,288	\$ 214,130	\$ 1,168,878
Charges for Services	-	-	-	94,462	94,462
Licenses, Permits and Fees	112,215	-	-	-	112,215
Fines and Forfeitures	14,428	-	-	785	15,213
Intergovernmental	111,666	51,389	55,142	184,638	402,835
Special Assessments	-	-	-	127	127
Earnings on Investments	78,068	-	-	2,324	80,392
Miscellaneous	28,963	251,423	2,213	2,493	285,092
Total Receipts	<u>642,800</u>	<u>528,812</u>	<u>488,643</u>	<u>498,959</u>	<u>2,159,214</u>
<b>Disbursements</b>					
Current:					
General Government	270,654	91,239	442,805	17,427	822,125
Public Safety	102,272	134,407	48,912	126,347	411,938
Public Works	98,701	-	-	212,979	311,680
Health	38,162	-	-	-	38,162
Capital Outlay	12,000	254,115	-	9,848	275,963
Debt Service:					
Principal Retirement	-	-	-	86,191	86,191
Interest and Fiscal Charges	-	-	-	1,682	1,682
Total Disbursements	<u>521,789</u>	<u>479,761</u>	<u>491,717</u>	<u>454,474</u>	<u>1,947,741</u>
Excess of Receipts Over (Under) Disbursements	<u>121,011</u>	<u>49,051</u>	<u>(3,074)</u>	<u>44,485</u>	<u>211,473</u>
Other Financing Sources (Uses)					
Advances In	159,500	-	110,000	49,500	319,000
Advances Out	(159,500)	-	(110,000)	(49,500)	(319,000)
Other Financing Sources	233	-	2,068	415	2,716
Other Financing Uses	(493)	-	-	-	(493)
Total Other Financing Sources (Uses)	<u>(260)</u>	<u>-</u>	<u>2,068</u>	<u>415</u>	<u>2,223</u>
Net Change in Fund Balances	120,751	49,051	(1,006)	44,900	213,696
Fund Balances Beginning of Year	<u>1,298,408</u>	<u>280,361</u>	<u>143,990</u>	<u>437,851</u>	<u>2,160,610</u>
Fund Balances End of Year	<u>\$ 1,419,159</u>	<u>\$ 329,412</u>	<u>\$ 142,984</u>	<u>\$ 482,751</u>	<u>\$ 2,374,306</u>

See accompanying notes to the basic financial statements

**SPRINGFIELD TOWNSHIP, MAHONING COUNTY**

*Statement of Receipts, Disbursements and Changes*

*In Fund Balance - Budget and Actual -Budget Basis*

*General Fund*

*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 287,318	\$ 287,318	\$ 297,460	\$ 10,142
Licenses, Permits and Fees	120,000	120,000	112,215	(7,785)
Fines and Forfeitures	9,500	9,500	14,428	4,928
Intergovernmental	98,021	98,021	111,666	13,645
Special Assessments	-	-	-	-
Earnings on Investments	45,000	45,000	78,068	33,068
Miscellaneous	1,500	1,500	28,963	27,463
<i>Total receipts</i>	<u>561,339</u>	<u>561,339</u>	<u>642,800</u>	<u>81,461</u>
<b>Disbursements</b>				
Current:				
General Government	314,520	301,333	274,522	26,811
Public Safety	148,125	157,301	107,169	50,132
Public Works	119,100	119,100	101,274	17,826
Health	35,561	39,561	38,162	1,399
Capital Outlay	50,000	50,000	12,000	38,000
<i>Total Disbursements</i>	<u>667,306</u>	<u>667,295</u>	<u>533,127</u>	<u>134,168</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(105,967)</u>	<u>(105,956)</u>	<u>109,673</u>	<u>215,629</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	1,000	1,000	-	1,000
Transfers Out	(18,451)	(18,451)	-	(18,451)
Advances In	-	-	159,500	(159,500)
Advances Out	-	-	(159,500)	159,500
Other Financing Sources	250	250	233	17
Other Financing Uses	-	(733)	(493)	(240)
<i>Total Other Financing Sources (Uses)</i>	<u>(17,201)</u>	<u>(17,934)</u>	<u>(260)</u>	<u>(17,674)</u>
<i>Net Change in Fund Balance</i>	(123,168)	(123,890)	109,413	233,303
<i>Fund Balance Beginning of Year</i>	1,217,977	1,217,977	1,217,977	-
Prior Year Encumbrances Appropriated	80,432	80,432	80,432	-
<i>Fund Balance End of Year</i>	<u>\$ 1,175,241</u>	<u>\$ 1,174,519</u>	<u>\$ 1,407,822</u>	<u>\$ 233,303</u>

See accompanying notes to the basic financial statements

**SPRINGFIELD TOWNSHIP, MAHONING COUNTY**

*Statement of Receipts, Disbursements and Changes*

*In Fund Balance - Budget and Actual -Budget Basis*

*Fire and Rescue Fund*

*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 316,551	\$ 316,551	\$ 226,000	\$ (90,551)
Intergovernmental	46,655	46,655	51,389	4,734
Miscellaneous	505	505	251,423	250,918
<i>Total receipts</i>	<u>363,711</u>	<u>363,711</u>	<u>528,812</u>	<u>165,101</u>
<b>Disbursements</b>				
Current:				
General Government	99,902	98,797	91,239	7,558
Public Safety	303,957	167,582	136,850	30,732
Capital Outlay	-	387,245	254,114	133,131
<i>Total Disbursements</i>	<u>403,859</u>	<u>653,624</u>	<u>482,203</u>	<u>171,421</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(40,148)</u>	<u>(289,913)</u>	<u>46,609</u>	<u>336,522</u>
 <i>Net Change in Fund Balance</i>	 (40,148)	 (289,913)	 46,609	 336,522
 <i>Fund Balance Beginning of Year</i>	 <u>280,361</u>	 <u>280,361</u>	 <u>280,361</u>	 <u>-</u>
 <i>Fund Balance End of Year</i>	 <u>\$ 240,213</u>	 <u>\$ (9,552)</u>	 <u>\$ 326,970</u>	 <u>\$ 336,522</u>

See accompanying notes to the basic financial statements

**SPRINGFIELD TOWNSHIP, MAHONING COUNTY**

*Statement of Receipts, Disbursements and Changes*

*In Fund Balance - Budget and Actual -Budget Basis*

*Police Fund*

*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	401,824	401,824	431,288	29,464
Intergovernmental	73,374	73,374	55,142	(18,232)
Miscellaneous	100	100	2,213	2,113
<i>Total receipts</i>	<u>475,298</u>	<u>475,298</u>	<u>488,643</u>	<u>13,345</u>
<b>Disbursements</b>				
Current:				
General Government	456,238	455,753	445,726	10,027
Public Safety	48,600	49,085	48,912	173
<i>Total Disbursements</i>	<u>504,838</u>	<u>504,838</u>	<u>494,638</u>	<u>10,200</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,540)</u>	<u>(29,540)</u>	<u>(5,995)</u>	<u>23,545</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	-	-	110,000	110,000
Advances Out	-	-	(110,000)	(110,000)
Other Financing Sources	<u>2,000</u>	<u>2,000</u>	<u>2,068</u>	<u>68</u>
<i>Total Other Financing Sources (Uses)</i>	<u>2,000</u>	<u>2,000</u>	<u>2,068</u>	<u>68</u>
<i>Net Change in Fund Balance</i>	<u>(27,540)</u>	<u>(27,540)</u>	<u>(3,927)</u>	<u>23,613</u>
<i>Fund Balance Beginning of Year</i>	141,686	141,686	141,686	-
Prior Year Encumbrances Appropriated	<u>2,303</u>	<u>2,303</u>	<u>2,303</u>	-
<i>Fund Balance End of Year</i>	<u>\$ 116,449</u>	<u>\$ 116,449</u>	<u>\$ 140,062</u>	<u>\$ 23,613</u>

See accompanying notes to the basic financial statements

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**Note 1 – Reporting Entity**

Springfield Township, Mahoning County, Ohio (the Township), is a body politic and corporate established in 1803 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, police protection, fire protection and emergency medical services.

The Township participates in the OTARMA public entity risk pool. Notes 6 and 13 to the financial statements provides additional information for this entity. Ohio Township Association Risk Management Authority (OTARMA) is a risk sharing pool that provides the Township with casualty and property insurance.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. The Township has no proprietary statements, enterprise funds or business-type activities. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

**Note 2 – Summary of Significant Accounting Policies** (continued)

The statement of net assets presents the cash and investment of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary. The Township has no proprietary or fiduciary funds.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, the Police Fund and the Fire/Rescue Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Police Fund is available to the Township for Police Department expenses only. The Fire/Rescue Fund is available only for Fire/Rescue Department services only.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose. The Township had several miscellaneous capital project funds which are used to account for an Issue II project and an OPWC project.

**Note 2 – Summary of Significant Accounting Policies** (continued)

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate. The 2006 tax budget requirement was waived by the Board of Trustees under the authority granted it by the Mahoning County Budget Commission.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

**Note 2 – Summary of Significant Accounting Policies** (continued)

During 2006, the Township's cash management pool was collateralized by various authorized federal government securities. The township's pooled sweep-investment account is recorded at the amount reported by Sky Bank on December 31, 2006. The Township also has a savings account through Sky Bank where interest is collected.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets are comprised of those fund balances in the township's major funds and other funds, excluding the General Fund. Those assets are restricted for use within the respective funds. The total restricted amount for all funds under these constraints in 2006 was \$955,147.

**G. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8; the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**Note 2 – Summary of Significant Accounting Policies** (continued)

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for *police and fire protection, road maintenance, recycling, ambulance service and street lighting*. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**O. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts. The township has no business-type activities.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is (*and any major special revenue fund are*) prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The encumbrances outstanding at year end 2006 amounted to \$11,338 for the general fund, and the encumbrances for other governmental funds were \$13, 286.

**Note 4 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the

**Note 4 – Deposits and Investments** (continued)

Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At 2006 year end, the Township had no undeposited cash on hand which is included as part of "Cash" or "Equity in Pooled Cash and Cash Equivalents"

Springfield Township  
Notes to the Financial Statements  
For the Years Ended December 31, 2006

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**Note 4 - Deposits and Investments** (continued)

Deposits

GASB Statement No. 40 modified Statement No. 3 to limit custodial credit risk disclosure requirements to deposits that are not covered by depository insurance and are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

The Carrying amount of cash and investments is as follows:

	<u>2006</u>
Demand deposits	\$1,274,100
Savings	<u>\$1,100,206</u>
Total deposits and investments	\$2,374,306

GASB Statement No. 40 establishes and modifies disclosures related to investment risks: interest rate risk, credit risk (including custodial credit risk and concentration of credit risk) and foreign currency risk.

The Township's investment policy does not address specific types of risk that it can be exposed to. The Township's investment policy is limited to complying with state statute

Interest rate risk arises because of fair value of investments changes as interest rates change. The township's investment policy does not address interest rate risk.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk.

**Note 5- Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Springfield Township  
Notes to the Financial Statements  
For the Years Ended December 31, 2006

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**Note 5– Property Taxes** (continued)

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$16.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

	<u>2006</u>
Real Property	\$104,118,330
Public Utility Property	\$ 6,501,210
Tangible Personal Property	<u>\$ 3,632,532</u>
	\$114,252,072

**Note 6 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Coverage provided by OTARMA is as follows:

Legal Liability	\$2,000,000	per Occurrence
Law Enforcement Operations	\$2,000,000	per Occurrence
Wrongful Acts Coverage	\$2,000,000	per Occurrence
Property –Vehicles	\$1,571,086	total coverage
Property- Misc	\$ 298,340	total coverage
Property-buildings	\$1,375,000	total coverage

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Springfield Township  
Notes to the Financial Statements  
For the Years Ended December 31, 2006

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**Note 6 – Risk Management** (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 provide aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.00.

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 township.

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,

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,301,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$20,857,360</u>	<u>\$18,141,062</u>

Springfield Township  
Notes to the Financial Statements  
For the Years Ended December 31, 2006

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**Note 6 – Risk Management** (continued)

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future as of December 31, 2006 and 2005, 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 \$23,193. 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 charged by OTARMA 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 liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2006	\$33,258
2005	\$34,242
2004	\$34,774

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give 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.

**Note 7 – Defined Benefit Pension Plan**

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**Note 7 – Defined Benefit Pension Plan** (continued)

OPERS provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.)

For the year ended December 31, 2006 the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The Township's contribution rate for pension benefits for 2006 was 13.70 percent, except for those plan members in law enforcement.. For Law enforcement, the Township's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the year ended December 31, 2006 and 2005 were \$83,085 and \$59,746, respectively. The full amount has been contributed for 2006.

**B. Ohio Police and Fire Pension Fund**

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 19.5 percent for police and 24 percent for firefighters. Contributions are authorized by State statute. We only have the Fire Chief in the Ohio Police and Fire Pension fund. The Township's contributions to the Fund for the Fire Chief were \$9,321 and \$9,085 for the years ended December 31, 2006 and 2005, respectively. The full amount has been contributed for 2006.

**Note 8 - Postemployment Benefits**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an

**Note 8 - Postemployment Benefits** (continued)

additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 375,076. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$1.6 billion. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$65.2 billion and \$8.03 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total firefighter contribution rate is 10.0 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2006 that were used to fund postemployment benefits were \$2,934.60 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$108,039,449 which was net of member contributions of \$55,271,881.

Springfield Township  
Notes to the Financial Statements  
For the Years Ended December 31, 2006

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**Note 9 – Debt**

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Governmental Activities</u>						
Promissory Note						
2006 Issue (\$249,765)	4.85%	\$0	\$249,765	\$86,191	\$163,574	\$79,841

The promissory note is supported by the full faith and credit of the Township and is payable from a fire/ambulance levy that was passed for the purchase of new fire and rescue squad vehicles.

The following is a summary of the Township's future annual debt service requirements:

Year	Promissory Note	
	Principal	Interest
2007	\$79,841	\$8,032
2008	83,733	4,141
Totals	<u>\$163,574</u>	<u>\$12,173</u>

**Note 10 – Leases**

The Township leases two patrol cars for the Police Department under noncancelable leases. The Township disbursed \$14,208 to pay lease costs for the year ended December 31, 2006. Future lease payments are as follows:

Year	Amount
2007	\$14,208
2008	\$14,208
Total	<u>\$28,416</u>

**Note 11– Construction and Contractual Commitments**

It is anticipated that the Township will have debt in the amount of \$600,000.00 to 900,000.00 resulting from the installation of the sewer lines in Petersburg. The total amount is not yet known. The Petersburg Sewer project has been started and the amount is still not yet known as the project is not complete. Our plan is to use our tipping fees from the Waste Management, Mahoning County Landfill that is located on East Garfield Road that intersects with Unity Road to pay for our loan.

**Note 12 – Contingent Liabilities**

- A. The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition. The two pending lawsuits are:
- a. Estate of David Behr (death of a gentleman on private property in the township; the Police department was called)
  - b. Bonace; (accident on a township road)
- B. Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

**Note 13 – Public Entity Risk Pool**

The Township participates as a member in a public entity risk pool known as Ohio Township Association Risk Management Authority (OTARMA). The intergovernmental contract arrangement is to provide the members risk management services and risk sharing facilities, and to defend and protect, in accordance with the agreement, against liability as outlined in the contract. The liability of each member is limited to the amount of contributions required to be made to the pool. In no event shall a member be responsible jointly or severally, for the liabilities of any other member. The members are to timely report incidents, pursue loss prevention measures, cooperate with OTARMA representatives, pay when due all annual contributions and comply with other typed of directives. OTARMA shall administer the pool and comply with the various powers and duties of the agreement. The current OTARMA Board of Directors is comprised of Larry Johns, David Foglesong, Frank Gliha, Michael Cochran, Joan Beardmore, Marsha Funk and Greg Hanahan.



# 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  
Mahoning County  
3475 E. South Range Rd  
New Springfield, Ohio 44443

To the Township Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Mahoning County, (the Township) as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 31, 2008. 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*. 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 District'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 District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 District'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 District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted another matter that we reported to the Township's management in a separate letter dated July 31, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated July 31, 2008.

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

July 31, 2008



**Mary Taylor, CPA**  
Auditor of State

**SPRINGFIELD TOWNSHIP**

**MAHONING 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 7, 2008**