



Mary Taylor, CPA
Auditor of State

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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Mary Taylor, CPA

Auditor of State

Springfield Township
Summit County
2459 Canfield Road
Akron, Ohio 44312

To the Township 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.

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Mary Taylor, CPA
Auditor of State

October 23, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township
Summit County
2459 Canfield Road
Akron, Ohio 44312

To the Township Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Summit County, Ohio, (the Township) as of and for the year ended December 31, 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Springfield Township, Summit County, Ohio as of December 31, 2006, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2007, 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.

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

Mary Taylor, CPA
Auditor of State

October 23, 2007

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$441,691	\$3,383,582		\$3,825,273
Charges for Services		394,090		394,090
Licenses, Permits, and Fees	118,323			118,323
Fines and Forfeitures	26,334			26,334
Intergovernmental	727,941	390,401		1,118,342
Earnings on Investments	105,352	8,336		113,688
Miscellaneous	333,889	104,608		438,497
Total Cash Receipts	1,753,530	4,281,017		6,034,547
Cash Disbursements:				
Current:				
General Government	1,109,316			1,109,316
Public Safety	316,551	3,404,223		3,720,774
Public Works	140,658	686,858		827,516
Health	1,500			1,500
Conservation - Recreation	48,594			48,594
Miscellaneous		137,884		137,884
Contractual Services		17,095		17,095
Supplies and Materials		19,348		19,348
Capital Outlay		63,745	\$30,655	94,400
Total Cash Disbursements	1,616,619	4,329,153	30,655	5,976,427
Total Cash Receipts Over/(Under) Cash Disbursements	136,911	(48,136)	(30,655)	58,120
Other Financing Receipts/(Disbursements):				
Transfers-In		47,449	30,566	78,015
Transfers-Out	(78,015)			(78,015)
Other Financing Sources	19,385			19,385
Other Financing Uses		(62,227)		(62,227)
Total Other Financing Receipts/(Disbursements)	(58,630)	(14,778)	30,566	(42,842)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	78,281	(62,914)	(89)	15,278
Fund Cash Balances, January 1 (Restated)	719,054	1,574,301	89	2,293,444
Fund Cash Balances, December 31	\$797,335	\$1,511,387	\$0	\$2,308,722

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

SPRINGFIELD TOWNSHIP
SUMMIT COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Private Purpose Trust</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
Fund Cash Balances, January 1	\$500	\$3,799	\$4,299
Fund Cash Balances, December 31	<u>\$500</u>	<u>\$3,799</u>	<u>\$4,299</u>

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

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Springfield Township, Summit County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, police protection, fire protection and emergency medical services.

The Township participates in a jointly governed organization and a public entity risk pool. Notes 7 and 9 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organization:
Joint Economic Development District (JEDD)

Public Entity Risk Pool:
Ohio Township Association Risk Management Authority (OTARMA)

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

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

The investment in an overnight repurchase agreement is valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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 Fund:

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

3. Capital Project Funds

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

Permanent Improvement Fund – This fund receives transfers from the General Fund and is used to account for infrastructure projects.

4. Fiduciary Funds

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

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

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

E. Budgetary Process

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

1. Appropriations

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

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Prior Period Adjustment

At January 1, 2006, a prior period adjustment was required to properly state the beginning fund balances of the General Fund and the Special Revenue Senior Citizens Center Fund. The prior period adjustment increased the General Fund and decreased the Special Revenue Senior Citizens Center Fund by \$4,679.

3. Equity in Pooled Cash and Investments

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

Demand Deposits	<u>2006</u> (\$176,979)
Investments:	
Repurchase Agreement	<u>2,490,000</u>
Total deposits and investments	<u><u>\$2,313,021</u></u>

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

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

3. Equity in Pooled Cash and Investments (Continued)

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

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

4. Budgetary Activity

Budgetary activity for the year ended December 31, 2006 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,348,052	\$1,772,915	\$424,863
Special Revenue	4,686,699	4,328,466	(358,233)
Capital Projects	200,000	30,566	(169,434)
Fiduciary	20,000	0	(20,000)
Total	\$6,254,751	\$6,131,947	(\$122,804)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,194,363	\$1,694,634	\$499,729
Special Revenue	4,932,078	4,391,380	540,698
Capital Projects	36,947	30,655	6,292
Fiduciary	3,000	0	3,000
Total	\$7,166,388	\$6,116,669	\$1,049,719

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Ambulance fund by \$13,069 for the year ended December 31, 2006. Also contrary to Ohio law, various funds had cash deficit balances through out the year ranging from \$64 to \$45,516. Contrary to Ohio law, appropriation amounts exceeded estimated resources in various funds throughout the year and for the year ended December 31, 2006. Also contrary to Ohio law, the Township did not file its Certificate of Amounts Available until 150 days after the first day of the fiscal year. Contrary to Ohio law, appropriation amendments were not filed timely or not filed with County Budget Commission.

5. Property Tax

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

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

5. Property Tax (Continued)

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

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

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

6. Leases

Lease outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
Equipment Lease	\$101,460	5%

The Township entered into an equipment lease in July 2005 to finance a Crew Cab Truck, Type 3 Ambulance and Extrication Equipment.

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

	Equipment Lease
Year ending December 31:	
2007	\$31,043
2008	31,043
2009	31,043
2010	18,109
Total	\$111,238

7. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2006, OP&F participants contributed 10% of their wages. For 2006, the Township contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2006, OPERS members contributed 9% of their gross salaries and the Township contributed an amount equaling 13.7% of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

8. Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member 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
Automobile Liability	2,000,000	Per Occurrence
Wrongful Acts	2,000,000	Per Occurrence
Property	848,175	Total Coverage

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

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. Townships can elect additional coverage, from \$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.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

8. Risk Management (Continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable 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.

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, 2006:

<u>Casualty Coverage</u>	<u>2006</u>
Assets	\$32,031,312
Liabilities	<u>(11,443,952)</u>
Retained earnings	<u>\$20,587,360</u>
<u>Property Coverage</u>	<u>2006</u>
Assets	\$10,010,963
Liabilities	<u>(676,709)</u>
Retained earnings	<u>\$9,334,254</u>

At December 31, 2006, casualty coverage liabilities noted above include approximately \$10.8 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million of unpaid claims to be billed to approximately 958 member townships in the future, as of December 31, 2006. 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 \$136,230. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

8. Risk Management (Continued)

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.

Township Contributions to OTARMA

2006	\$68,115
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After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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 was incurred or reported prior to the withdrawal.

9. Contingent Liabilities

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

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

10. Joint Ventures

The Township is a member of a Joint Economic Development District (JEDD) with the City of Akron. The City of Akron provides city services to businesses within the District and subsequently is permitted to collect income tax on those employees of the business district. At the same time, the JEDD prevents the annexation of Township property by the City and maintains the Township's property tax base.



Mary Taylor, CPA

Auditor of State

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

Springfield Township
Summit County
2459 Canfield Road
Akron, Ohio 44312

To the Township Board of Trustees:

We have audited the financial statements of Springfield Township, Summit County, Ohio, (the Township) as of and for the year ended December 31, 2006, and have issued our report thereon dated October 23, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Government'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 Government's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-008.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding number 2006-002 is also a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated October 23, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2006-004 through 2006-008.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 23, 2007.

The Township's response to one finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Township's response and accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

October 23, 2007

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006**

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

FINDING NUMBER 2006-001

Significant Deficiency

Financial Reporting

The following errors were noted in the financial statements that required proposed audit adjustments. Homestead and rollback monies (\$172,420) and public utilities money (\$55,520) were misclassified as property tax revenue in various funds; motor vehicle license tax was posted to the EMS Fund as Charges For Services instead of in the Motor Vehicle License Tax Fund as Intergovernmental Revenues (\$3,731); FEMA Grant Revenue was classified as Other Revenue in the General Fund rather than in a separate Special Revenue FEMA Fund (\$74,320); grant money (\$158,408), JEDD revenue (\$58,285) franchise fees (\$19,802), manufactured home tax (\$1,632), and special assessment revenues (\$3,708) were misclassified as other revenue in various funds.

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

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

Officials' Response: We did not receive a response from the Officials' to the finding reported above.

FINDING NUMBER 2006-002

Material Weakness

Bank Reconciliations

During testing of bank reconciliations the following were noted:

- Bank reconciliations were not performed for several months after the month end;
- \$623.31 remains unsupported which includes \$367.11 from 2004;
- Unsupported lease payment reconciling amounts of \$4,677;
- Long outstanding checks: six from 2003, six from 2004 and four from 2005;
- Long outstanding reconciling items which have been carried forward since 2004;
- Bank reconciliations were not presented to the Board for their review and approval.

As an established control procedure, monthly bank to book reconciliations should be prepared by the Township Fiscal Officer and then reviewed and accepted by the Board of Trustees. Performing bank reconciliations on a monthly and timely basis will help to ensure that there is support for all reconciling items. Also preparing bank reconciliations on a timely basis will help to alleviate the long outstanding reconciling items.

FINDING NUMBER 2006-002 (Continued)

In order to account for the funds properly, the Township should place the long outstanding checks in an Unclaimed Monies Fund for a specified period of time. If after a specified period, the money has not been claimed, the money should then revert back to the Township's General Fund.

Officials' Response: We did not receive a response from Officials' to the finding reported above.

FINDING NUMBER 2006-003

Significant Deficiency

Financial Report Review

Although financial information was provided to the Audit Committee at the quarterly meetings, there was no evidence monthly financial information was provided to the Board of Trustees for their review.

We recommend the Fiscal Officer provide the Board with the monthly financial information such as:

- Receipt Journal
- Appropriations Journal
- Budget to Actual
- Bank Reconciliations
- Fund Balance Report
- Fund Summary Report

The Board should document receipt and review of these reports within the minutes. Also, a designated board member should sign (or initial) and date these reports as evidence of review. This will help ensure that the proper monitoring of the Township's financial activity is taking place.

Officials' Response: Starting in January 2007 a form is signed by the Chairman of the Board of Trustees indicating receipt and review of financial reports.

FINDING NUMBER 2006-004

Significant Deficiency/Material Noncompliance

Ohio Rev. Code Section 5705.36(A) provides, in part, that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balance existing at the preceding year.

Per review of the Township's budgetary files the Township Fiscal Officer completed the certificate of amounts available; however per discussion with the Summit County Budget Commission this certificate was not filed until June 1, 2006.

FINDING NUMBER 2006-004 (Continued)

Filling the certificate of amounts available is not only required by statute but is a key control in the budgetary and disbursement process to assure that amounts are properly reported on the Certificate of Estimated Resources which limits the amount of appropriations. To improve controls over budgeting and disbursements and to help reduce the possibility of the Township committing funds to be spent which are not available to spend we recommend the Township Fiscal Officer ensure that the certificate of amount available is submitted and received by the Budget Commission.

We also reported a similar comment in the management letter of our December 31, 2005 audit of the financial statements.

Officials' Response: We did not receive a response from Officials' to the finding reported above.

FINDING NUMBER 2006-005

Significant Deficiency/Material Noncompliance

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Township to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

The Township had appropriations which exceeded estimated resources in the following funds at the following times through out the year and at year end.

Fund	Appropriations	Estimated Resources	Difference
Feb. 28, 2006			
Street Lighting Assess.	\$ 2,000	\$ 1,885	\$ (115)
Misc. Marine	3,000	218	(2,782)
Oct. 31, 2006			
General Fund	1,891,363	1,789,861	(101,502)
Dare Grant	7,700	7,253	(447)
Reserve for Employee Leave	409,000	391,066	(17,934)
Dec. 31, 2006			
General Fund	1,891,363	1,789,861	(101,502)
Dare Grant	7,700	7,253	(447)
Reserve for Employee Leave	409,000	391,066	(17,934)

In addition, the Township did not obtain certificates from the County Fiscal Officer that appropriations from each fund do not exceed the total Amended Official Estimate of Resources for certain appropriation and estimated resource amendments.

Appropriating less than estimated resources is not only required by statute but is a key control in the budgetary and disbursement process to assure that revenues are expected to be received prior to budgeting for expenditures that may exceed available revenues. To improve controls over budgeting and disbursements and to help reduce the possibility of the Township committing funds to be spent which are not available to spend, we recommend the Township should monitor appropriations versus estimated resources to help avoid overspending.

Officials' Response: We did not receive a response from Officials' to the finding reported above.

FINDING NUMBER 2006-006

Significant Deficiency/Material Noncompliance

Ohio Rev. Code Section 5705.10(H) requires that monies paid into any fund be used only for the purposes for which such fund is established. The Township had negative cash fund balances throughout the year in the following funds:

Fund	Jan-06	Feb-06	Mar-06	Apr-06	May-06
Senior Citizens Nutrition Fund	(\$3,600)	(\$14,113)	(\$29,761)	(30,277)	(\$39,388)
Senior Citizens Center Fund		(1,669)	(2,654)	(111)	(1,288)
Capital Equipment		(5,189)	(5,189)	(5,189)	(5,189)
Permanent Improvement Fund		(25,377)	(25,377)	(25,377)	(25,377)
EMS System			(3,535)	(8,566)	(19,580)
Dare Grant				(64)	(809)

Fund	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06
Senior Cit. Nutrition	(\$44,790)	(\$44,649)	(\$45,516)	(\$45,355)		
Senior Cit. Center	(2,287)	(3,029)	(3,595)	(2,094)		
Capital Equipment	(5,189)	(5,189)	(5,189)	(5,189)		
Permanent Impr.	(25,377)	(25,377)	(25,377)	(25,377)		
EMS System	(30,627)	(24,653)				
Dare Grant	(1,088)	(1,129)	(1,129)	(1,198)	(1,295)	(1,415)

Negative cash fund balances are an indication that revenues from other sources were used to pay obligations of these funds. Additionally, money spent for purposes other than specified in grant agreements could result in the loss of future grant awards.

Maintaining positive cash fund balances is not only required by statute but is a key control in the disbursement process to assure funds are available to pay obligations. To improve controls over cash management and disbursements and to help reduce the possibility of the Township's funds not having adequate balances to pay incurred obligations, we recommend the Township monitor fund activity to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Rev. Code. Use of formal advances, approved by the Board, will allow management to determine exactly which funds cash is being used to offset deficit cash balances. This should help ensure compliance with grant and other funding restrictions.

Officials' Response: We did not receive a response from Officials' to the finding reported above.

FINDING NUMBER 2006-007

Significant Deficiency/Material Noncompliance

Ohio Rev. Code Section 5705.40 provides that any appropriation measure may be amended or supplemented provided that such amendment or supplement complies with all provisions of law governing the tax authority in making the original appropriation.

The Board of Trustees adopted permanent appropriations on February 14, 2006; however, the appropriations were not sent to the County Budget Commissioner until June 1, 2006. Also, the appropriation amendment approved by the Board on July 13, 2006 was not filed with the Budget Commission until August 18, 2006. The appropriation amendment from October 19, 2006 was not submitted to the County Budget Commission. It was also noted that the amendment from October 19, 2006 indicated that appropriations should be increased for a certain line item by a percentage of that line item. However, the amendment was made using a percentage of the original certificate of estimated resources. Discussion with the Board President at that time indicated that was the intent of the Board to use a percentage of the Estimated Resources.

Filing the amended appropriation measures with the County is not only required by statute but is a key control in the budgetary and disbursement process to assure that amounts appropriated are within estimated resources per the Certificate of Estimated Resources which limits the amount of appropriations. To improve controls over budgeting and disbursements and to help reduce the possibility of the Township committing funds to be spent which are not available to spend we recommend the Township ensure that all appropriation measures and amendments are filed with the County Budget Commission on a timely basis. The Township should also ensure that Board Resolutions amending appropriations represents the intent of the Board, or gives specific amounts to the amendment.

Officials' Response: We did not receive a response from Officials' to the finding reported above.

FINDING NUMBER 2006-008

Significant Deficiency/Material Noncompliance

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2006, fund level expenditures plus outstanding encumbrances exceeded appropriations in the Ambulance Fund by \$13,069 since appropriations were \$623,116 and actual expenditures were \$636,185 (there were no outstanding encumbrances). In addition, appropriations posted to the Township's Appropriation Reports did not always agree to the Township's actual Annual Appropriation Measure plus supplemental appropriations.

Spending less than appropriated amounts is not only required by statute but is a key control in the disbursement process to assure that amounts are not spent in excess of budgeted amounts which could result in deficit fund balances. To improve controls over budgeting and disbursements and to help reduce the possibility of the Township's funds being in a deficit balance, we recommend the Township should frequently compare appropriations to expenditures plus encumbrances in all funds which are legally required to be budgeted and make any necessary amendments to appropriations and/or the certificate of estimated resources. In addition, the Fiscal Officer should periodically review the Township's Appropriations Reports to ensure appropriation amounts are posted accurately and timely.

Officials' Response: We did not receive a response from Officials' to the finding reported above.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2005-001	Ohio Rev. Code Section 5705.39 , total appropriations exceeded total estimated resources.	No	See finding 2006-005
2005-002	Ohio Rev. Code Section 5705.10 , negative cash fund balances.	No	See finding 2006-006
2005-003	Bank Reconciliations.	No	See finding 2006-002
2005-004	Financial Report Review.	No	See finding 2006-003



Mary Taylor, CPA
Auditor of State

SPRINGFIELD TOWNSHIP

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 31, 2007**