



**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007



Mary Taylor, CPA
Auditor of State

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	24

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Mary Taylor, CPA

Auditor of State

Springfield Township
Williams County
20275 State Route 34
Stryker, Ohio 43557-9429

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

July 10, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township
Williams County
20275 State Route 34
Stryker, Ohio 43557-9429

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Williams County, (the Township) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Springfield Township, Williams County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

July 10, 2008

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$30,430	\$134,698	\$165,128
Licenses, Permits, and Fees	3,861		3,861
Intergovernmental	43,022	133,240	176,262
Earnings on Investments	9,735	961	10,696
Miscellaneous	4,365	3,929	8,294
	<u>91,413</u>	<u>272,828</u>	<u>364,241</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	83,347	244	83,591
Public Safety		97,741	97,741
Public Works	12,730	117,122	129,852
Health	7,391		7,391
Capital Outlay		84,317	84,317
Debt Service:			
Redemption of Principal	5,291	3,781	9,072
Interest and Other Fiscal Charges	1,603	1,347	2,950
	<u>110,362</u>	<u>304,552</u>	<u>414,914</u>
Total Cash Disbursements			
Total Cash Disbursements Over Cash Receipts	<u>(18,949)</u>	<u>(31,724)</u>	<u>(50,673)</u>
Other Financing Receipts / (Disbursements):			
Debt Proceeds		73,281	73,281
Advances-In		2,110	2,110
Advances-Out	(2,110)		(2,110)
	<u>(2,110)</u>	<u>75,391</u>	<u>73,281</u>
Total Other Financing Receipts / (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<u>(21,059)</u>	<u>43,667</u>	<u>22,608</u>
Fund Cash Balances, January 1	<u>(5,381)</u>	<u>202,234</u>	<u>196,853</u>
Fund Cash Balances, December 31	<u><u>(\$26,440)</u></u>	<u><u>\$245,901</u></u>	<u><u>\$219,461</u></u>

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

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$29,006	\$132,108	\$161,114
Licenses, Permits, and Fees	3,651		3,651
Intergovernmental	42,015	119,564	161,579
Earnings on Investments	6,551	953	7,504
Miscellaneous	433	987	1,420
	<u>81,656</u>	<u>253,612</u>	<u>335,268</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	68,032	220	68,252
Public Safety		69,094	69,094
Public Works	20,923	123,263	144,186
Health	7,057		7,057
Capital Outlay		59,928	59,928
Debt Service:			
Redemption of Principal		6,042	6,042
Interest and Other Fiscal Charges		1,731	1,731
	<u>96,012</u>	<u>260,278</u>	<u>356,290</u>
Total Cash Disbursements			
Total Cash Disbursements Over Cash Receipts	<u>(14,356)</u>	<u>(6,666)</u>	<u>(21,022)</u>
Other Financing Receipts / (Disbursements):			
Advances-In		1,000	1,000
Advances-Out		(1,000)	(1,000)
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts			
	(14,356)	(6,666)	(21,022)
Fund Cash Balances, January 1	<u>8,975</u>	<u>208,900</u>	<u>217,875</u>
Fund Cash Balances, December 31	<u>(\$5,381)</u>	<u>\$202,234</u>	<u>\$196,853</u>

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

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool. Note 7 to the financial statements provide additional information for this entity.

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

B. Accounting Basis

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

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

C. Cash and Investments

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

The Township values certificates of deposit 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.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

Fire Levy Tax Fund – This fund receives revenue derived from a levy to provide fire protection to the Township.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

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

F. Property, Plant, and Equipment

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

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.

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

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

2. EQUITY IN POOLED CASH

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

	2007	2006
Demand deposits	\$109,461	\$106,853
Certificates of deposit	110,000	90,000
Total deposits	\$219,461	\$196,853

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

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

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,427	\$91,413	\$5,986
Special Revenue	215,433	346,109	130,676
Total	\$300,860	\$437,522	\$136,662

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$106,439	\$110,362	(\$3,923)
Special Revenue	385,021	304,552	80,469
Total	\$491,460	\$414,914	\$76,546

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$78,300	\$81,656	\$3,356
Special Revenue	207,250	253,612	46,362
Total	\$285,550	\$335,268	\$49,718

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$102,600	\$96,012	\$6,588
Special Revenue	309,650	260,278	49,372
Total	\$412,250	\$356,290	\$55,960

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

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

4. PROPERTY TAX

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

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

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

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

5. DEBT

Debt outstanding at December 31, 2007 was as follows:

	Principal	Interest Rate
Bank Loan	\$64,259	5.4%

The Township obtained a bank loan for the county road #23 project. The original loan was obtained for \$62,000 on March 1, 2007, with payments made beginning April 4, 2007. An additional \$11,281 was borrowed on December 27, 2007. The loan is set at a fixed rate of 5.4%.

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

Year ending December 31:	Huntington Bank Loan
2008	\$14,642
2009	14,694
2010	14,693
2011	14,694
2012	14,688
Total	\$73,411

6. RETIREMENT SYSTEM

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

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

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

6. RETIREMENT SYSTEM – (CONTINUED)

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

7. RISK MANAGEMENT

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

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

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

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

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

7. RISK MANAGEMENT – (CONTINUED)

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

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

Financial Position

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

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

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$10,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2005	\$11,107
2006	\$10,987
2007	\$7,586

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

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

7. RISK MANAGEMENT – (CONTINUED)

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

8. INTERFUND TRANSACTIONS

Interfund balances at December 31, 2007, 200 consist of the following receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$2,110	
Special Revenue Funds:		
Gasoline Tax	1,000	
Road and Bridge		3,110
Totals	<u>\$3,110</u>	<u>\$3,110</u>

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Mary Taylor, CPA

Auditor of State

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

Springfield Township
Williams County
20275 State Route 34
Stryker, Ohio 43557-9429

To the Board of Trustees:

We have audited the financial statements of Springfield Township, Williams County, (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 10, 2008, 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 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 Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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

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We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-004 through 2007-008.

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, we believe the significant deficiencies described above are also material weaknesses.

We also noted certain matters that we reported to the Township's management in a separate letter dated July 10, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 through 2007-006.

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 July 10, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

July 10, 2008

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

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

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

FINDING NUMBER 2007-001

Finding for Recovery Repaid Under Audit

Ohio Rev. Code § 505.24(A)(4) and (A)(5) provide that in a township having a 2007 budget of more than \$250,001 but not more than \$500,000, the compensation of the Township Trustee shall be forty-one dollars and twenty-nine cents per day for not more than two hundred days. In a township having a 2007 budget of more than \$500,001 but not more than \$750,000, the compensation of the Township Trustee shall be forty-three dollars and seventy-nine cents per day for not more than two hundred days.

At the beginning of 2007, the Township's Certificate of Estimated Resources as approved by the County Budget Commission was \$429,692, thereby entitling the Trustees to be paid at a rate of \$41.29 per day. On June 27, 2007, the County Budget Commission approved an increase in the Certificate of Estimated Resources to \$529,792, thereby entitling the Trustees to be paid at a rate of \$43.79 per day. The Township Trustees' maximum annual salary amount for 2007 should have been \$8,508.

As stated above, the Trustees were entitled to be paid at the rate of \$41.29/day from January 1, 2007 through June 27, 2007. From June 28, 2007 through December 31, 2007, the Township Trustees were entitled to be paid at the rate of \$43.79/day. The Township, however, erroneously paid the Trustees at the rate of \$43.79/day for the entire year. These warrants were signed by the Trustees and the Fiscal Officer. This resulted in each Township Trustee being overpaid as follows:

Trustee	Maximum Statutory Compensation	Total Amount Paid	Overpayment
Rusty Goebel	\$8,508.00	\$8,757.96	\$249.96
Steve Planson	8,508.00	8,757.96	249.96
Ed Ruffer	8,508.00	8,757.96	249.96
	\$25,524.00	\$26,273.88	
Total Overpayment			\$749.88

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, findings for recovery for public moneys illegally expended are hereby issued against Rusty, Goebel, Steve Planson, and Ed Ruffer, Township Trustees, and their surety company, Ohio Township Association Risk Management Authority, jointly and severally, in the corresponding amounts listed above, and in favor of the Township's General Fund.

On July 11, 2008, the July salaries of Rusty Geobel, Steve Planson and Ed Ruffer, Township Trustees were adjusted by \$249.96 to repay these amounts.

Officials Response:

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

FINDING NUMBER 2007-002

Finding for Recovery Repaid Under Audit

Ohio Rev. Code § 507.09(A)(4) and (A)(5) provide that in a township having a 2007 budget of more than \$250,001 but not more than \$500,000, the compensation of the Township Fiscal Officer shall be twelve thousand three hundred eighty-six dollars and in a township having a 2007 budget of more than \$500,001 but not more than \$750,000, the compensation of the Township Trustee shall be thirteen thousand seven hundred sixty-two dollars.

At the beginning of 2007, the Township's Certificate of Estimated Resources as approved by the County Budget Commission was \$429,692, thereby entitling the fiscal officer to be paid \$12,386. On June 27, 2007, the County Budget Commission approved an increase in the Certificate of Estimated Resources to \$529,792, thereby entitling the fiscal officer to be paid \$13,762.

Joyce Heston served as Township Fiscal Officer for the months of January through June. Ms. Heston retired effective April 30, 2007. As stated above, the Fiscal Officer position was entitled to be paid at the rate of \$12,386/year during the period of January through June. The Township, however, erroneously paid Ms. Heston the rate of \$13,762/year during these months. These warrants were signed by the Trustees and the Fiscal Officer. This resulted in an overpayment to Ms. Heston in the amount of \$458.65.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Joyce Heston, former Fiscal Officer, Ohio Township Association Risk Management Authority, her surety, Rusty Goebel, Steve Planson, and Ed Ruffer, Township Trustees, and Ohio Township Association Risk Management Authority, their surety, jointly and severally, in the amount of \$458.65, and in favor of the Township's General Fund.

On June 28, 2008, Joyce Heston reimbursed the Township \$458.65. The amount was recorded by the Township on July 7, 2008, receipt #65-2008.

Officials Response:

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

FINDING NUMBER 2007-003

Finding for Recovery Repaid Under Audit

Ohio Rev. Code § 507.09(A)(4) and (A)(5) provide that in a township having a 2007 budget of more than \$250,001 but not more than \$500,000, the compensation of the Township Fiscal Officer shall be twelve thousand three hundred eighty-six dollars and in a township having a 2007 budget of more than \$500,001 but not more than \$750,000, the compensation of the Township Trustee shall be thirteen thousand seven hundred sixty-two dollars.

At the beginning of 2007, the Township's Certificate of Estimated Resources as approved by the County Budget Commission was \$429,692, thereby entitling the fiscal officer to be paid \$12,386. On June 27, 2007, the County Budget Commission approved an increase in the Certificate of Estimated Resources to \$529,792, thereby entitling the fiscal officer to be paid \$13,762.

**FINDING NUMBER 2007-003
(Continued)**

Pam Oberlin served as Township Fiscal Officer for the months of May through January. As stated above, the Fiscal Officer position was entitled to be paid at the rate of \$12,386/year during the period of January through June. The Township, however, erroneously paid Ms. Oberlin the rate of \$13,762/year during the months of May and June. These warrants were signed by the Trustees and the Fiscal Officer. This resulted in an overpayment to Ms. Oberlin in the amount of \$229.31.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Pam Oberlin, Fiscal Officer, Ohio Township Association Risk Management Authority, her surety, Rusty Goebel, Steve Planson, and Ed Ruffer, Township Trustees, and Ohio Township Association Risk Management Authority, their surety, jointly and severally, in the amount of \$229.31, and in favor of the Township's General Fund.

On July 11, 2008, the July salary of Pam Oberlin, Fiscal Officer, was adjusted by \$229.31 to repay this amount.

Officials Response:

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

FINDING NUMBER 2007-004

Noncompliance Citation - Material Weakness

Ohio Revised Code § 505.24(C) sets forth the method by which township trustees' compensation should be allocated. This section is amplified by Ohio Attorney General (OAG) Opinion 2005-036. This section requires that compensation of a township trustee must be paid from the Township General Fund or from such other restricted township fund, in such proportions based on the amount of time spent on matters related to the services rendered. In additions, OAG Opinion 2004-036 indicates trustees should establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service(s) performed, in a manner similar to trustee paid per diem compensation. The requirements of Ohio Rev. Code Section 505.24(C) were noted in the management letter issued August 10, 2006, for the Springfield Township Audit for the years ending December 31, 2005 and 2004.

The Township did not establish any administrative procedures to document the proportionate amount of Trustee's salaries chargeable to other Township funds as required by Ohio Revised Code § 505.24(C) and OAG Opinion 2004-036. During 2007, the fund allocations of Trustees salaries were made to the Gas Tax Fund, \$10,082 and the Road and Bridge Fund, \$6,057. Since no documentation was available to support these allocations, the amounts should have been charged to the General Fund.

An adjustment was made to the accompanying financial statements to correct this fund allocation. The Fiscal Officer should follow the administrative procedures established and allocate the Trustee's salary amounts accordingly.

Officials Response:

Management will establish administrative procedures to support the salary allocation to other restricted funds.

FINDING NUMBER 2007-005

Noncompliance Citation - Material Weakness

Ohio Revised Code §5705.10 (D) requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Township incorrectly allocated certain monies as discussed below. This results in these restricted monies being used for purposes other than prescribed by law.

1. Ohio Revised Code §§ 5735.27 and 4504.02 restrict the purpose for which the gasoline excise tax and local motor vehicle license tax monies may be expended.

In 2006, Proceeds from the gasoline excise tax, \$7,420 were incorrectly allocated to the Motor Vehicle License Tax Fund. These monies should have been allocated to the Gasoline Tax Fund. Also, proceeds from a county levied local motor vehicle license tax were incorrectly allocated to the Motor Vehicle License Tax Fund, \$1,035 and to the General Fund, \$916 instead of the Motor Vehicle License Permissive Tax Fund.

2. **Ohio Revised Code §5751.22 (C)** explains that fixed-sum payments to local taxing units required to be made under division (A) of this section shall be distributed to the proper local taxing unit as if they had been levied and collected as taxes, and the local taxing unit shall apportion the amounts so received among its funds in the same proportions as if those amounts had been levied and collected as taxes.

In 2006, the Township received \$8,017 in fixed-sum payments that were incorrectly allocated entirely to the General Fund. The amounts should also have been apportioned to the Road and Bridge and Fire Funds as the amounts had been levied and collected as taxes. The Road and Bridge and Fire Funds should have received \$6,976 and \$1,041, respectively.

3. A payment for homestead and rollback reimbursements received in 2006 was allocated entirely to the General Fund. This payment should have been apportioned to General, Road and Bridge, and Fire Funds, in relation to the amount of property tax monies collected and recorded in these funds. The Road and Bridge and Fire Funds should have received \$2,336 and \$3,880, respectively.

Adjustments were included in the accompanying financial statements to correct these allocations.

All gasoline excise tax should be allocated to the Gasoline Tax Fund. County-levied motor vehicle license tax monies should be allocated to the Motor Vehicle License Permissive Tax Fund. Further, fixed-sum payments and homestead and rollback reimbursements should be apportioned and recorded in relation to the amount of property tax monies collected. Finally, management should monitor these funds closely to ensure that revenues are recorded in a manner that complies with Ohio law.

Officials Response:

Management feels this situation has been addressed since no problems were encountered in 2007.

FINDING NUMBER 2007-006

Noncompliance Citation - Material Weakness

Ohio Revised Code §5705.10 (H) requires that money paid into any fund shall be used only for the purposes for which such fund is established. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

Negative fund balances existed in the General fund at December 31, 2007 and 2006 in the amounts of \$26,440 and \$5,381, respectively. These balances were the result of adjustments included in the accompanying financial statements. The Township has no plan in place to eliminate these negative balances.

We recommend that management monitor these funds closely throughout the year and restrict expenditures until a positive fund balance exists.

Officials Response:

Management will review expenditures made from the General fund to determine if any could have been charged to other restricted funds.

FINDING NUMBER 2007-007

Material Weakness

Monthly Reconciliations

The Township utilizes the Uniform Accounting Network (UAN), a computerized system of accounting. The system was developed by the Auditor of States office, which when properly instituted will provide a good form of internal controls and safeguards for governmental accounting transactions.

The Uniform Accounting Network includes a function permitting the fiscal officer to reconcile the primary checking account balance in the system with the monthly bank account statements. Additional applications in the manual also provide reconciling any other account(s) and investments the Township may have.

The Township's financial records were not properly reconciled with the Townships depositories for the months of August 2006 through December 2006 and the period of January through November 2007. There were various posting errors to the records of the Township which affected the accuracy of the Township's financial reports. Adjustments were required to be made to the financial statements and the records of the Township.

No reconciliations were performed for the months of October and November in 2006 and June through November in 2007.

**FINDING NUMBER 2007-007
 (Continued)**

Other adjusting factors were needed to complete the reconciliations for the following months:

Month	Unrecorded Items		Total Other Adjusting Factor
	Deposits	Certificate of Deposit	
April, 2006	(\$18,031)	\$20,000	\$1,969
August, 2006		40,000	40,000
Sept, 2006	(12,662)	20,000	7,338
December, 2006		20,000	\$4,938
January, 2007		20,000	4,938
February, 2007		20,000	4,938
March, 2007			1,307
April, 2007	(21,146)		1,307
May, 2007	(44,968)		1,307

All deposits and charges should be recorded in the Township's accounting system as receipts and disbursements prior to the end of the month which the transaction occurred. All certificates of deposit should be recorded as part of the Township's investment balance eliminating these transactions as reconciling items. Monthly reconciliations between the books and the banks utilized by the Township should be prepared. This will reduce the possibility of undetected errors occurring and not be corrected on a timely basis.

Officials Response:

Monthly reconciliations are currently being prepared.

FINDING NUMBER 2007-008

Material Weakness

Monitoring Controls

Sound accounting practices require a segregation of duties where possible and increased monitoring control be used when segregation of duties is not feasible due to a small number of employees. This ensures financial data is accurately presented. A key aspect of this monitoring process is regular and thorough monitoring by management and a continued adherence to the budget limits established by the Township Trustees.

There was a lack of segregation of duties in the posting of receipts and expenditure transactions. Trustee's review of Township finances was limited to various months of the two year audit as bank reconciliations were not prepared for all months of the audit. Township checks listed on the books were different than the check numbers of the bank checks. Receipts and expenditures per the bank statement were not posted for months and listed as reconciling items. Reviews such as these do not allow Trustees to adequately monitor the financial condition of the Township. Lack of controls has resulted in errors occurring without timely detection by management.

**FINDING NUMBER 2007-008
(Continued)**

We recommend the Trustees review monthly financial reports that include month-to-date and year-to-date receipt and disbursement totals; budget to actual receipts and monthly appropriation statements at the legal level of controls; and the balances in each fund. Reports such as these should be generated utilizing the Township's Uniform Accounting Network (UAN). As part of the review by the Trustees any transactions such as voided checks, transfers between bank accounts, and any adjusting factors to the bank reconciliations should be identified and accounted for as being accurate. Trustees should use these reports as a tool to monitor the Township's financial situation and adapt budgets in anticipation of changing circumstances.

Officials Response:

Management will monitor financial information on a monthly basis.

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Township did not take bids for the purchase of a Fire Truck	Yes	
2005-002	Ohio Revised Code Section 5705.41(B), expenditures exceeding appropriations	Yes	
2005-003	Ohio Revised Code Section 5705.10, improper posting of revenues and expenditures	No	Not Corrected – Reissued as finding 2007-005.
2005-004	Ohio Revised Code Chapter 5705, Posting On-behalf payments	Yes	



Mary Taylor, CPA
Auditor of State

SPRINGFIELD TOWNSHIP

WILLIAMS 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
AUGUST 12, 2008**