



**Auditor of State
Betty Montgomery**

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

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**Auditor of State
Betty Montgomery**

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 a February 2, 2005, 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 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 "Betty Montgomery".

Betty Montgomery
Auditor of State

August 10, 2006

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**Auditor of State
Betty Montgomery**

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, 2005 and 2004. 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004.

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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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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, 2005 and 2004, 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, 2005 and 2004, 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, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2006, 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.



Betty Montgomery
Auditor of State

August 10, 2006

**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, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$28,911	\$117,224		\$146,135
Intergovernmental	55,701	106,705	\$198,125	360,531
Licenses, Permits, and Fees	736			736
Earnings on Investments	5,464	697		6,161
Other Revenue	1,964	4,920		6,884
	<u>92,776</u>	<u>229,546</u>	<u>198,125</u>	<u>520,447</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	66,212	202		66,414
Public Safety	1,995	59,039		61,034
Public Works	16,085	144,867		160,952
Health	7,492			7,492
Debt Service:				
Redemption of Principal		14,346		14,346
Interest and Fiscal Charges		3,828		3,828
Capital Outlay		6,663	198,125	204,788
	<u>91,784</u>	<u>228,945</u>	<u>\$198,125</u>	<u>518,854</u>
Total Cash Disbursements				
Total Cash Receipts Over Cash Disbursements	<u>992</u>	<u>601</u>		<u>1,593</u>
Other Financing Receipts:				
Sale of Fixed Assets		306		306
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	992	907		1,899
Fund Cash Balances, January 1	<u>7,983</u>	<u>207,993</u>		<u>215,976</u>
Fund Cash Balances, December 31	<u>\$8,975</u>	<u>\$208,900</u>		<u>\$217,875</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, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$29,195	\$119,251		\$148,446
Intergovernmental	43,811	97,428	\$60,938	202,177
Licenses, Permits, and Fees	883			883
Earnings on Investments	2,523	219		2,742
Other Revenue	11,881	8,742		20,623
	<u>88,293</u>	<u>225,640</u>	<u>60,938</u>	<u>374,871</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	82,978	223		83,201
Public Safety		74,798		74,798
Public Works	7,135	105,273		112,408
Health	8,665			8,665
Debt Service:				
Redemption of Principal		14,500		14,500
Interest and Fiscal Charges		4,100		4,100
Capital Outlay	17,963	37,735	60,938	116,636
	<u>116,741</u>	<u>236,629</u>	<u>\$60,938</u>	<u>414,308</u>
Total Cash Disbursements				
Excess of Cash Disbursements Over Cash Receipts	(28,448)	(10,989)		(39,437)
Fund Cash Balances, January 1	36,431	218,982		255,413
Fund Cash Balances, December 31	<u>\$7,983</u>	<u>\$207,993</u>		<u>\$215,976</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, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Springfield Township, 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's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting 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 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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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.

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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

3. Capital Project Funds

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

Federal Emergency Management Agency (FEMA) Grant Fund - This fund receives revenue from the federal government to provide fire equipment for the Township.

Ohio Public Works Commission (OPWC) Fund - The Township received a grant from the State of Ohio to replace a railroad approach on a Township road.

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 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. 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 2005 and 2004 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.

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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:

	2005	2004
Demand deposits	\$117,875	\$95,976
Certificates of deposit	100,000	120,000
Total deposits	\$217,875	\$215,976

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, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$93,000	\$92,776	(\$224)
Special Revenue	204,750	229,852	25,102
Capital Projects		198,125	198,125
Total	\$297,750	\$520,753	\$223,003

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$112,080	\$91,784	\$20,296
Special Revenue	356,735	228,945	127,790
Capital Projects		198,125	(198,125)
Total	\$468,815	\$518,854	(\$50,039)

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY – (Continued)

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,000	\$88,293	\$3,293
Special Revenue	194,500	225,640	31,140
Capital Projects		60,938	60,938
Total	\$279,500	\$374,871	\$95,371

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$122,495	\$116,741	\$5,754
Special Revenue	399,750	236,629	163,121
Capital Projects		60,938	(60,938)
Total	\$522,245	\$414,308	\$107,937

Contrary to Ohio law, the following occurred:

1. Budgetary expenditures exceeded appropriation authority in the FEMA Grant fund by \$60,938 for the year ended December 31, 2004. Budgetary expenditures exceeded appropriation authority in the Road & Bridge fund by \$15,147; in the FEMA fund by \$112,455 and in the OPWC fund by \$85,670 for the year ended December 31, 2005.
2. Homestead and rollback reimbursements received from the State and electric tax loss reimbursements received from the County Auditor in 2005 and 2004, were credited to the General Fund instead of being allocated to the Road & Bridge and Fire Levy Funds.
3. FEMA and OPWC grant monies received in 2005 and 2004, were not reported on the Township's financial statements.
4. The Township's Fire Department purchased a new tanker/pumper truck for \$258,765 without the solicitation of bids.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. 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.

5. DEBT

The Township entered into a mortgage loan agreement with the Farmers & Merchants State Bank, in 1997 to finance the purchase of a township building. The original agreement was for \$130,000, over nine years, with monthly payments of \$1,555, being made from the Gasoline Tax and the Road and Bridge funds.

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Loan	\$9,163	5.90%
Total	<u>\$9,163</u>	

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

Year ending December 31:	<u>Mortgage Loan</u>
2006	9,321
Total	<u>\$9,321</u>

6. RETIREMENT SYSTEMS

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 the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

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.

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

7. RISK MANAGEMENT – (Continued)

The Government 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.

Casualty Coverage

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. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 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.

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. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

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 2005 was \$1,682,589.

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.

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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and 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.

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

7. RISK MANAGEMENT – (Continued)

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, 2005 and 2004.

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	<u>(1,406,031)</u>	<u>(543,176)</u>
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$22,214.

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**Auditor of State
Betty Montgomery**

**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, 2005 and 2004, and have issued our report thereon dated August 10, 2006, 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 that 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated August 10, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 2005-001 through 2005-004. In a separate letter to the Township's management dated August 10, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

August 10, 2006

**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Revised Code § 505.37(A) allows the Board of Township trustees to establish all necessary rules to guard against the occurrence of fires and to protect the property and lives of the citizens against damage and accidents, and may, with the approval of the specifications by the prosecuting attorney, purchase, any fire apparatus for fire-fighting purposes.

Ohio Revised Code § 505.37(D) provides that the Board of Township trustees of any township may purchase, lease or lease with an option to purchase the necessary fire-fighting equipment, building, and sites for the township and issue securities for that purpose with maximum maturities as provided in section 133.20 of the Revised Code.

Ohio Revised Code § 505.42 states in part that such board may enter into contracts for the purpose set forth in sections 505.37 to 505.42 of the Revised Code, subject to sections 731.14 to 731.16 of the Revised Code except as otherwise provided in sections 505.08 to 505.101 [505.10.1] of the Revised Code.

The Township's Fire Department awarded a contract valued at \$258,765 to U.S. Tanker – Fire Apparatus, Inc. for the purchase of a new tanker/pumper truck. No evidence was provided to indicate that bids were solicited in accordance with the aforementioned Code Sections. This could lead to the Township expending more money than necessary for Township purchases. We recommend that the Trustees bid out all such contracts greater than \$25,000 in the future.

FINDING NUMBER 2005-002

Noncompliance Citation

Ohio Revised Code §5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. During 2004 and 2005, the Township made expenditures which exceeded appropriations in the following funds by the following amounts:

Fund	Appropriation Authority	Actual Expenditures	Variance
December 31, 2004			
F.E.M.A. Grant Fund		\$ 60,938	\$ (60,938)
December 31, 2005			
Road & Bridge Fund	\$ 52,200	67,347	(15,147)
F.E.M.A. Grant Fund		112,455	(112,455)
O.P.W.C. Fund		85,670	(85,670)

**FINDING NUMBER 2005-002
(Continued)**

Expenditures in excess of appropriations may result in deficit spending. We recommend that expenditures and appropriations be frequently reviewed by the Township Trustees and the necessary adjustments be made to prevent expenditures from exceeding appropriations. These adjustments should be formally approved by the Trustees in the minutes and the Fiscal Officer should only make amendments to the Uniform Accounting Network (UAN) appropriations ledger based on these formally documented approvals.

FINDING NUMBER 2005-003

Noncompliance Citation

Ohio Revised Code § 5705.10 requires that all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made and all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

The following monies were not recorded in the proper fund:

1. In 2004, homestead and rollback deductions from real estate property tax billings totaling \$5,479 which were reimbursed from the State of Ohio were credited to the Township's General Fund instead of being apportioned to the Road & Bridge and Fire Levy Funds. These funds should have received \$2,208 and \$3,271.
2. Electric tax loss reimbursement payments from the County Auditor in the amount of \$7,830 for 2004 and 2005, were credited to the Township's General Fund instead of being apportioned to the Road & Bridge and Fire Levy Funds. The Road & Bridge and Fire Levy Funds should have received an additional \$458 and 7,372 in 2004 and 2005.

This could result in monies being used for purposes other than those prescribed by law.

An adjustment was made to move these monies into the Road & Bridge and Fire Levy Funds.

We recommend that the Clerk record homestead and rollback reimbursements according to the allocation listed on the tax apportionment sheets received from the County Auditor and all other distributions from the County Auditor in the funds established on the Township's accounting system to account for these monies.

FINDING NUMBER 2005-004

Chapter 5705 of the Revised Code sets forth a scheme that provides for a uniform budget and appropriation process in order to assure that a government entity expends no more that it expects to receive in revenue. In order to accomplish this end, all appropriations must be accounted to and from each appropriation fund. While federal and state loans and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded. R.C.5705.42. Thus, a mechanism is still required to account for receipt and expenditure. That mechanism is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation. R.C.5705.40. An original appropriation measure must be passed by the taxing authority, and in any amendment of, or supplement to, that measure also requires legislative action. R.C. 5705.38.

**FINDING NUMBER 2005-004
(Continued)**

Auditor of State Bulletin 2000-008 further requires that when an entity enters into an “on-behalf-of” program with another government whereby the entity is the beneficiary under the agreement, the cash value benefit of the program should be recorded as memorandum receipts and disbursements in the year the “on-behalf-of” payments are made.

The monies were reported on the Township’s financial statements:

1. Federal Emergency Management Agency (F.E.M.A.) funds, in the amounts of \$112,455 in 2005 and \$60,938 in 2004, were received and expended by the Springfield Township Fire Department.
2. Ohio Public Works Commission (O.P.W.C.) funds, in the amount of \$85,670, were expended directly to contractors on behalf of the Township during 2005.

The accompanying financial statements have been adjusted to reflect the “on-behalf-of” activity.

We recommend that the Township follow the guidelines of Auditor of State Bulletin 2000-008, which describes the proper accounting treatment for “on-behalf-of” programs and that the Township post all grant money received to the Township books.

“Official’s Response”: We did not receive a response from Officials to the findings reported above.

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**SPRINGFIELD TOWNSHIP
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Ohio Revised Code § 5705.41(D), improper certification of funds	Yes	
2003-002	Ohio Revised Code § 5705.10, improper posting of revenues and expenditures	No	Partially Corrected - Reissued as finding 2005-003
2003-003	Ohio Revised Code § 5705.41(B), expenditures exceeding appropriations	No	Not Corrected - Reissued as finding 2005-002



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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 31, 2006**