



**Auditor of State
Betty Montgomery**

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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**Auditor of State
Betty Montgomery**

Springfield Township
Summit County
2459 Canfield Road
Akron, Ohio 44312

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 black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 22, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Springfield Township
Summit County
2459 Canfield Road
Akron, Ohio 44312

To the Board of Trustees:

We have audited the accompanying financial statements of Springfield Township, Summit County, Ohio, (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. 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 year ended December 31, 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. 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.

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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 and reserves for encumbrances of Springfield Township, Summit County, Ohio 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 September 22, 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

September 22, 2006

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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>	<u>Expendable Trust</u>	
Cash Receipts:					
Local Taxes	\$402,675	\$2,976,915			\$3,379,590
Intergovernmental	719,340	603,588			1,322,928
Charges for Services		337,041			337,041
Licenses, Permits, and Fees	114,724				114,724
Fines, Forfeitures, and Penalties	30,543				30,543
Earnings on Investments	73,749	3,226			76,975
Other Revenue	38,937	76,389			115,326
Total Cash Receipts	<u>1,379,968</u>	<u>3,997,159</u>			<u>5,377,127</u>
Cash Disbursements:					
Current:					
General Government	871,884				871,884
Public Safety	221,983	3,129,759			3,351,742
Public Works	76,309	634,511			710,820
Health	9,220				9,220
Conservation - Recreation	39,813				39,813
Miscellaneous		194,094			194,094
Contractual Services		22,082			22,082
Supplies and Materials		21,472			21,472
Debt Service:					
Bond Principal Payment		3,362			3,362
Capital Outlay		55,800	\$123,155		178,955
Total Cash Disbursements	<u>1,219,209</u>	<u>4,061,080</u>	<u>123,155</u>		<u>5,403,444</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>160,759</u>	<u>(63,921)</u>	<u>(123,155)</u>		<u>(26,317)</u>
Other Financing Receipts and (Disbursements):					
Transfers-In		63,000	85,394		148,394
Transfers-Out	(148,394)				(148,394)
Other Sources	14,412				14,412
Other Uses		(23,769)			(23,769)
Total Other Financing Receipts/(Disbursements)	<u>(133,982)</u>	<u>39,231</u>	<u>85,394</u>		<u>(9,357)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	26,777	(24,690)	(37,761)		(35,674)
Fund Cash Balances, January 1	<u>687,599</u>	<u>1,603,672</u>	<u>37,850</u>	\$500	<u>2,329,621</u>
Fund Cash Balances, December 31	<u>\$714,376</u>	<u>\$1,578,982</u>	<u>\$89</u>	<u>\$500</u>	<u>\$2,293,947</u>
Reserve for Encumbrances, December 31	<u>\$303,000</u>	<u>\$137,125</u>	<u>\$0</u>	<u>\$0</u>	<u>\$440,125</u>

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

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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>	<u>Expendable Trust</u>	
Cash Receipts:					
Local Taxes	\$408,746	\$2,955,398			\$3,364,144
Intergovernmental	729,631	560,829			1,290,460
Charges for Services		429,889			429,889
Licenses, Permits, and Fees	104,350				104,350
Fines, Forfeitures, and Penalties	27,971				27,971
Earnings on Investments	30,830	842			31,672
Other Revenue	45,687	130,321	\$30,871		206,879
Total Cash Receipts	<u>1,347,215</u>	<u>4,077,279</u>	<u>30,871</u>		<u>5,455,365</u>
Cash Disbursements:					
Current:					
General Government	800,898				800,898
Public Safety	234,040	3,486,525			3,720,565
Public Works	179,894	655,683			835,577
Health	8,799				8,799
Conservation - Recreation	78,177				78,177
Miscellaneous		184,839			184,839
Contracted Services		3,618			3,618
Supplies and Materials		19,525			19,525
Capital Outlay		19,064	592,734		611,798
Total Cash Disbursements	<u>1,301,808</u>	<u>4,369,254</u>	<u>592,734</u>		<u>6,263,796</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>45,407</u>	<u>(291,975)</u>	<u>(561,863)</u>		<u>(808,431)</u>
Other Financing Receipts and (Disbursements):					
Transfers-In		126,873	73,085		199,958
Transfers-Out	(199,958)				(199,958)
Other Sources	1,296				1,296
Other Uses		(47,618)			(47,618)
Total Other Financing Receipts/(Disbursements)	<u>(198,662)</u>	<u>79,255</u>	<u>73,085</u>		<u>(46,322)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(153,255)</u>	<u>(212,720)</u>	<u>(488,778)</u>		<u>(854,753)</u>
Fund Cash Balances, January 1	<u>840,854</u>	<u>1,816,392</u>	<u>526,628</u>	<u>\$500</u>	<u>3,184,374</u>
Fund Cash Balances, December 31	<u>\$687,599</u>	<u>\$1,603,672</u>	<u>\$37,850</u>	<u>\$500</u>	<u>\$2,329,621</u>
Reserve for Encumbrances, December 31	<u>\$110,216</u>	<u>\$106,715</u>	<u>\$134,673</u>	<u>\$0</u>	<u>\$351,604</u>

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 - AGENCY FUND
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	Agency	
	2005	2004
Operating Cash Receipts:		
Other	\$2,000	
Operating Cash Disbursements:		
Miscellaneous	2,000	\$23,000
Total Cash Receipts Over/(Under) Cash Disbursements		(23,000)
Fund Cash Balances, January 1	3,799	26,799
Fund Cash Balances, December 31	\$3,799	\$3,799

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

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**SPRINGFIELD TOWNSHIP
SUMMIT 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 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'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'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 STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. 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.

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 Fund:

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

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 (Trust and Agency Funds)

These funds account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Escrow fund – This Agency Fund is use to account 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.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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:

	2005	2004
Demand Deposits	(\$152,254)	(\$146,580)
Investments:		
Repurchase Agreement	2,450,000	2,480,000
Total Deposits and Investments	\$2,297,746	\$2,333,420

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

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,288,713	\$1,394,380	\$105,667
Special Revenue	4,299,228	4,060,159	(239,069)
Capital Projects	230,000	85,394	(144,606)
Fiduciary	30,000	2,000	(28,000)
Total	\$5,847,941	\$5,541,933	(\$306,008)

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,888,775	\$1,670,603	\$218,172
Special Revenue	4,902,341	4,221,974	680,367
Capital Projects	331,653	123,155	208,498
Fiduciary	3,799	2,000	1,799
Total	<u>\$7,126,568</u>	<u>\$6,017,732</u>	<u>\$1,108,836</u>

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,513,093	\$1,348,511	(\$164,582)
Special Revenue	4,270,044	4,204,152	(65,892)
Capital Projects	200,400	103,956	(96,444)
Fiduciary	30,000	0	(30,000)
Total	<u>\$6,013,537</u>	<u>\$5,656,619</u>	<u>(\$356,918)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,077,309	\$1,611,982	\$465,327
Special Revenue	5,428,758	4,523,587	905,171
Capital Projects	1,077,028	727,407	349,621
Fiduciary	26,799	23,000	3,799
Total	<u>\$8,609,894</u>	<u>\$6,885,976</u>	<u>\$1,723,918</u>

Contrary to Ohio law, the Township had appropriations which exceeded estimated resources for one fund in 2005 in the amount of \$94,673, and eight funds in 2004 ranging in amounts from \$438 to \$138,634. Also, contrary to Ohio law, the Township had five funds with negative fund balances throughout the 2005 fiscal year ranging from \$1,858 to \$73,742. In 2004, the Township had two funds with negative fund balances throughout the year and at year end in amounts ranging from \$452 to \$25,831.

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.

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

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

4. PROPERTY TAX (Continued)

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. RETIREMENT SYSTEMS

The Township's certified Fire Fighters 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 2005 and 2004, members of OP&F participants contributed 10 percent of their wages. The Township contributed an amount equal to 24 percent of their wages to OP&F. 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.

6. 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.

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.

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

6. 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 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.

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 \$136,230

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

7. 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.

8. JOINT VENTURE

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.

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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
Summit County
2459 Canfield Road
Akron, Ohio 44312

To the Board of Trustees:

We have audited the financial statements of the Springfield Township, Summit County, Ohio, (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 22, 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 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2005-001 and 2005-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the Township's management dated September 22, 2006, we reported other matters involving internal control over financial reporting which 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 that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2005-003 and 2005-004. In a separate letter to the Township's management dated September 22, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

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

Betty Montgomery
Auditor of State

September 22, 2006

**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2005-001

Reportable Condition

Bank Reconciliations

During testing of bank reconciliations the following was noted:

- Bank reconciliations were not performed timely
- Reconciling items did not have supporting documentation readily available
- \$367.11 remains unsupported in the 2004 reconciliation
- \$546.70 remains unsupported in the 2005 reconciliation which includes the \$367.11 from 2004
- A number of checks from prior years remain outstanding
- A number of reconciling items have remained on the reconciliation over a number of months
- Bank reconciliations were not presented to the Board for their review and approval
- January through June 2006 bank reconciliations were not performed until August 2006

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 there is support for all reconciling items. Also preparing bank reconciliations on a timely basis will help to alleviate the long outstanding reconciling items.

In order to account for the funds properly, the Township should place the long outstanding check monies in an Unclaimed Monies Fund (an Expendable Trust 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.

FINDING NUMBER 2005-002

Reportable Condition

Financial Report Review

The Fiscal Officer did not provide the Board with monthly financial information 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 the Township's financial activity is properly monitored.

FINDING NUMBER 2005-003

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 Fiscal Officer'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 in 2005 and 2004.

Fund	Appropriations	Estimated Resources	Difference
2005			
Capital Improvement	\$96,980	\$2,307	(\$94,673)
2004			
Fire District	672,832	534,198	(138,634)
Misc. Police	1,177	-	(1,177)
Misc. Fire	485	-	(485)
Senior Citizens Nutrition	90,938	51,100	(39,838)
Marine Grant	2,636	500	(2,136)
Misc. DUI	9,696	-	(9,696)
Juvenile Grant	20,673	12,000	(8,673)
Dare Grant	14,113	11,000	(3,113)

In addition, the Township did not always 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. Township Trustees should monitor appropriations versus estimated resources to help avoid overspending. In addition, the Fiscal Officer should obtain the required certificate from the County Fiscal Officer when amending appropriations and estimated resources.

FINDING NUMBER 2005-004

Material Noncompliance

Ohio Rev. Code Section 5705.10 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	Mar-04	May-04	Dec-04
Senior Citizens Center	(\$12,617)	(\$25,831)	(\$4,679)
Juvenile Grant	n/a	n/a	(452)

Fund	Mar-05	June-05	Aug-05
Senior Citizens Center	(\$20,043)	(\$42,197)	(\$54,142)
Juvenile Grant	(1,858)	(3,954)	n/a
Motor Vehicle License Tax	(2,851)	(7,952)	(4,724)
Permanent Improvement	(2,967)	(55,802)	(73,742)
Fire District	n/a	(9,428)	n/a

FINDING NUMBER 2005-004 (Continued)

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. Fund activity should be monitored 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.

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

**SPRINGFIELD TOWNSHIP
SUMMIT 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 Rev. Code Section 5705.10, receipts posted to incorrect funds.	Partially corrected	See finding number 2005-004 for a similar comment in the current audit.



**Auditor of State
Betty Montgomery**

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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
NOVEMBER 9, 2006**