



CANTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY

REGULAR AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2007 & 2006



Mary Taylor, CPA

Auditor of State

Board of Trustees
Fairfield Township
3201 State Route 164
Leetonia, OH 44431

We have reviewed the *Independent Accountants' Report* of Fairfield Township, Columbiana County, prepared by Canter and Company, for the audit period January 1, 2006 to December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Fairfield Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 20, 2008

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**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Fairfield Township
Columbiana County
3201 State Route 164
Leetonia, Ohio 44431

To the Board of Trustees:

We have audited the accompanying financial statements of Fairfield Township, Columbiana 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. 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, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 (and 2006), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. 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, 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 and reserves for encumbrances of Fairfield Township, Columbiana 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 aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. 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 May 14, 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.



Canter and Company

May 14, 2008

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	
Cash Receipts:					
Property and Other Local Taxes	\$76,295	\$522,052	\$0	\$0	\$598,347
Intergovernmental	1,152,317	190,991	0	0	1,343,308
Licenses, Permits, and Fees	26,633	0	0	0	26,633
Earnings on Investments	132,328	11,152	0	303	143,783
Miscellaneous	427	2,621	250	0	3,298
	<u>1,388,000</u>	<u>726,816</u>	<u>250</u>	<u>303</u>	<u>2,115,369</u>
Cash Disbursements:					
Current:					
General Government	131,135	0	0	0	131,135
Public Safety	34,309	123,102	0	0	157,411
Public Works	0	497,167	0	0	497,167
Health	0	7,280	0	0	7,280
Conservation/Recreation	810	0	0	0	810
Capital Outlay	0	164,879	2,619	0	167,498
	<u>166,254</u>	<u>792,428</u>	<u>2,619</u>	<u>0</u>	<u>961,301</u>
Total Receipts Over/(Under) Disbursements	<u>1,221,746</u>	<u>(65,612)</u>	<u>(2,369)</u>	<u>303</u>	<u>1,154,068</u>
Other Financing Receipts and (Disbursements):					
Transfers In	0	17,232	975,785	0	993,017
Transfers Out	(975,785)	(17,232)	0	0	(993,017)
	<u>(975,785)</u>	<u>0</u>	<u>975,785</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	245,961	(65,612)	973,416	303	1,154,068
Fund Cash Balances, January 1	<u>676,181</u>	<u>1,217,650</u>	<u>240,123</u>	<u>5,784</u>	<u>2,139,738</u>
Fund Cash Balances, December 31	<u>\$922,142</u>	<u>\$1,152,038</u>	<u>\$1,213,539</u>	<u>\$6,087</u>	<u>\$3,293,806</u>
Reserve for Encumbrances, December 31	<u>\$17,772</u>	<u>\$4,425</u>	<u>\$0</u>	<u>\$0</u>	<u>\$22,197</u>

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

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	
Cash Receipts:					
Property and Other Local Taxes	\$75,653	\$520,413	\$0	\$0	\$596,066
Intergovernmental	157,114	185,437	0	0	342,551
Licenses, Permits, and Fees	5,785	0	0	0	5,785
Earnings on Investments	86,153	8,635	0	212	95,000
Miscellaneous	19,922	1,173	0	0	21,095
Total Cash Receipts	<u>344,627</u>	<u>715,658</u>	<u>0</u>	<u>212</u>	<u>1,060,497</u>
Cash Disbursements:					
Current:					
General Government	113,625	0	0	0	113,625
Public Safety	36,884	77,989	0	0	114,873
Public Works	12,493	446,318	0	0	458,811
Health	0	5,920	0	0	5,920
Conservation/Recreation	675	0	0	0	675
Capital Outlay	0	145,723	6,807	0	152,530
Total Cash Disbursements	<u>163,677</u>	<u>675,950</u>	<u>6,807</u>	<u>0</u>	<u>846,434</u>
Total Receipts Over/(Under) Disbursements	<u>180,950</u>	<u>39,708</u>	<u>(6,807)</u>	<u>212</u>	<u>214,063</u>
Other Financing Receipts and (Disbursements):					
Transfers In	0	0	25,238	0	25,238
Transfers Out	(25,238)	0	0	0	(25,238)
Other Uses	0	0	(9,846)	0	(9,846)
Total Other Financing Receipts/(Disbursements)	<u>(25,238)</u>	<u>0</u>	<u>15,392</u>	<u>0</u>	<u>(9,846)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>155,712</u>	<u>39,708</u>	<u>8,585</u>	<u>212</u>	<u>204,217</u>
Fund Cash Balances, January 1	<u>520,469</u>	<u>1,177,942</u>	<u>231,538</u>	<u>5,572</u>	<u>1,935,521</u>
Fund Cash Balances, December 31	<u><u>\$676,181</u></u>	<u><u>\$1,217,650</u></u>	<u><u>\$240,123</u></u>	<u><u>\$5,784</u></u>	<u><u>\$2,139,738</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$60,815</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$60,815</u></u>

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

**FAIRFIELD TOWNSHIP
COLUMBIANA 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 the Fairfield Township, Columbiana 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, fire protection and emergency medical services. The Township contracts with the City of Columbiana and the Villages of New Waterford and Leetonia volunteer fire departments to provide fire services and medical emergency 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. Certificates of deposit are 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 Funds:

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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

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 District Fund – This fund receives property tax money for fire protection for the Township.

Road District Fund – This fund receives property tax money for the construction, reconstruction, maintaining, and repairing of Township roads and bridges.

3. Capital Projects Funds

These funds are used to account for resources restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Fund:

Miscellaneous Capital Projects Fund – This fund receives transfers from the general fund annually, to pay for various capital improvements.

4 Permanent Funds

These funds account for resources restricted by a legally binding trust agreement. The Township had the following significant permanent funds:

Cemetery Bequest Funds – These funds receive bequests to maintain the cemeteries located within 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 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.

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 re-appropriated.

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.

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:

	2007	2006
Demand deposits	\$2,943,806	\$1,789,738
Certificates of deposit	350,000	350,000
Total deposits and investments	\$3,293,806	\$2,139,738

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

3. BUDGETARY ACTIVITY

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

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,400,553	\$1,388,000	(\$12,553)
Special Revenue	714,256	744,048	29,792
Capital Projects	0	976,035	976,035
Permanent	242	303	61
Total	\$2,115,051	\$3,108,386	\$993,335

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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

3. BUDGETARY ACTIVITY – (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,257,155	\$1,159,811	\$97,344
Special Revenue	1,099,692	814,085	285,607
Capital Projects	600,000	2,619	597,381
Permanent	0	0	0
Total	<u>\$2,956,847</u>	<u>\$1,976,515</u>	<u>\$980,332</u>

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$343,744	\$344,627	\$883
Special Revenue	715,111	715,658	547
Capital Projects	25,238	25,238	0
Permanent	0	212	212
Total	<u>\$1,084,093</u>	<u>\$1,085,735</u>	<u>\$1,642</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$266,863	\$188,915	\$77,948
Special Revenue	1,115,065	736,765	378,300
Capital Projects	109,846	16,653	93,193
Permanent	0	0	0
Total	<u>\$1,491,774</u>	<u>\$942,333</u>	<u>\$549,441</u>

Compliance: At December 31, 2007, capital projects fund number 4901 had total final appropriations in excess of estimated resources plus carryover balances in the amount of \$359,877, which is in violation of Section 5705.39, Ohio Revised Code.

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.

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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

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 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.

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

6. RISK MANAGEMENT

Risk Pool Membership

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

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

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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

6. RISK MANAGEMENT - (continued)

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

Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2006 (the latest information available):

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY**

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

6. RISK MANAGEMENT - (continued)

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

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$12,000. 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 charged by OTARMA to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past two years are as follows:

<u>Year</u>	<u>Contribution</u>
2007	\$11,209
2006	14,416

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Fairfield Township
Columbiana County
3201 State Route 164
Leetonia, Ohio 44431

To the Board of Trustees:

We have audited the financial statements of the of the Fairfield Township, (the Township) as of and for the years ended December 31, 2007 and 2006 and have issued our report thereon dated May 14, 2008, wherein we noted the District 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2007-01.

We noted certain matters that we reported to management of the Township in a separate letter dated May 14, 2008.

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

This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

CANTER & COMPANY



Youngstown, Ohio
May 14, 2008

**FAIRFIELD TOWNSHIP
COLUMBIANA COUNTY
DECEMBER 31, 2007**

SCHEDULE OF FINDINGS AND RESPONSES

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

Finding # 2007-01

Ohio Revised Code § 5705.39 provides that, in part, total appropriations from each fund shall not exceed total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official or amended official estimate.

For fiscal year 2007, we found that total appropriations exceeded total estimated resources in the Capital Projects Fund.

	Total Estimated Resources	Total Current Year Appropriations	Amount that Appropriations Exceed Estimate Resources
Capital Projects Funds:	240,123	600,000	(359,877)

It is recommended that prior to increasing appropriations the Trustees should determine that the proposed increase combined with existing appropriations will not exceed certified resources. If additional resources are expected, the Trustees should request an amended certificate of estimated resources from the county budget commission.

OFFICIALS RESPONSE:

The trustees passed the required resolution, resolution # 2007-59 to transfer the funds from the General Fund to the Capital Projects Fund in July 2007. After the resolution was passed the Township intended to file for an amended certificate of estimated resources but did not. The appropriated money was not spent from the fund. The township will ensure this does not happen in the future.



Mary Taylor, CPA
Auditor of State

FAIRFIELD TOWNSHIP

COLUMBIANA 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
JULY 3, 2008**