



Mary Taylor, CPA
Auditor of State

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Richfield Township
Lucas County
3951 Washburn Road
Berkey, Ohio 43504-9722

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richfield Township, Lucas County, Ohio (the Township), as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Richfield Township, Lucas County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax and Fire District funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Mary Taylor, CPA
Auditor of State

July 3, 2008

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

This discussion and analysis of Richfield Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

- Net assets of governmental activities increased \$129,264, or 27 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Gasoline Tax Fund, which continued the positive trend of recent years.
- The Township's general receipts are primarily property and other local taxes. These receipts represent 75 percent of the general receipts during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of the cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors, such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, only governmental activities are shown. The Township's basic services are reported here, including fire, streets and parks. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all governmental type funds.

Governmental Funds - Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Gasoline Tax, Fire District, and General Bond Retirement. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$600,451	\$471,187
Total Assets	\$600,451	\$471,187
 Net Assets		
Restricted for:		
Debt Service	\$76,934	\$46,434
Other Purposes	443,929	372,393
Unrestricted	79,588	52,360
Total Net Assets	\$600,451	\$471,187

As mentioned previously, net assets of governmental activities increased \$129,264 or 27 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- Increase in general receipts such as grants and interest; and
- Consistent other revenues and expenditures with previous years.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$5,575	\$6,420
Operating Grants and Contributions	88,075	90,026
Total Program Receipts	<u>93,650</u>	<u>96,446</u>
General Receipts:		
Property and Other Local Taxes	340,498	306,787
Grants and Entitlements Not Restricted to Specific Programs	90,105	90,521
Interest	26,772	20,412
Miscellaneous	3,122	1,930
Total General Receipts	<u>460,497</u>	<u>419,650</u>
Total Receipts	<u>554,147</u>	<u>516,096</u>
Disbursements:		
General Government	116,845	103,351
Security of Persons and Property:		
Public Safety	79,482	105,469
Public Works	74,175	75,480
Health	6,135	6,216
Other		500
Principal Retirement	30,000	25,000
Interest and Fiscal Charges	74,057	74,713
Capital Outlay	44,189	3,078
Total Disbursements	<u>424,883</u>	<u>393,807</u>
Increase in Net Assets	129,264	122,289
Net Assets, January 1	471,187	348,898
Net Assets, December 31	<u>\$600,451</u>	<u>\$471,187</u>

Program receipts represent only 18 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits, cemetery fees and charges for fire and emergency medical services provided under contract.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

General receipts represent 82 percent of the Township's total receipts, and of this amount, over 75 percent are local taxes. State and federal grants and entitlements make up most of the balance of the Township's general receipts (15 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board of Trustees and Fiscal Officer, as well as internal services such as payroll and purchasing.

Public Safety is the cost of fire protection services; Public Works is the cost of maintaining the roads; Capital Outlay is primarily the cost of building the Township fire station.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government which account for 28 percent of all governmental disbursements. Public safety and public works also represent significant costs, about 19 percent and 17 percent respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$116,845	\$116,845	\$103,351	\$103,321
Security of Persons and Property				
Public Safety	79,482	78,294	105,469	104,281
Public Works	74,175	(13,900)	75,480	(14,546)
Health	6,135	6,135	6,216	6,216
Other		(4,387)	500	(4,702)
Capital Outlay	44,189	44,189	3,078	3,078
Principal Retirement	30,000	30,000	25,000	25,000
Interest and Fiscal Charges	74,057	74,057	74,713	74,713
Total Expenses	<u>\$424,883</u>	<u>\$331,233</u>	<u>\$393,807</u>	<u>\$297,361</u>

The dependence upon property tax receipts is apparent as over 80 percent of governmental activities are supported through these general receipts.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

The Township's Funds

Total governmental funds had receipts of \$554,147 and disbursements of \$424,883. The greatest change within governmental funds occurred within the Gasoline Tax Fund. The fund balance of the Gasoline Tax Fund increased \$75,778 as the result of less projects than in prior years being financed from this fund.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During 2007, the Township did not amend its General Fund budget. Budgeted receipts were less than actual receipts, which reflect a conservative approach to the budget process.

Final disbursements were budgeted at \$184,360 while actual disbursements were \$148,250. The Township kept spending under budgeted amounts. The result is the increase in fund balance of \$27,228 for 2007.

Capital Assets and Debt Administration

Capital Assets

The Township does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

Debt

At December 31, 2007, the Township's outstanding debt included \$1,300,000 in general obligation bonds issued for the construction of a fire station.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding.

The Township's administration has kept expenditures in line with revenues. The result is a continued strong net asset figure at the end of 2007. The Township relies heavily on local taxes and has very little industry to support the tax base which requires the Township's administration to constantly monitor the budget and look for ways to increase revenues in other areas.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Linda Johnston, Fiscal Officer, Richfield, 3951 Washburn Road, Berkey, Ohio 43504-9722.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2007*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$600,451</u>
Net Assets	
Restricted for:	
Debt Service	76,934
Other Purposes	443,929
Unrestricted	<u>79,588</u>
<i>Total Net Assets</i>	<u>\$600,451</u>

See accompanying notes to the basic financial statements

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2007*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$116,845			(\$116,845)
Public Safety	79,482	\$1,188		(78,294)
Public Works	74,175		\$88,075	13,900
Health	6,135			(6,135)
Other		4,387		4,387
Capital Outlay	44,189			(44,189)
Debt Service:				
Principal Retirement	30,000			(30,000)
Interest and Fiscal Charges	74,057			(74,057)
Total	<u>\$424,883</u>	<u>\$5,575</u>	<u>\$88,075</u>	<u>(331,233)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes		97,758
		Fire District		89,248
		General Bond Retirement		119,308
		Other Taxes		34,184
		Grants and Entitlements not Restricted to Specific Programs		90,105
		Interest		26,772
		Miscellaneous		3,122
		<i>Total General Receipts</i>		<u>460,497</u>
		Change in Net Assets		129,264
		<i>Net Assets Beginning of Year</i>		<u>471,187</u>
		<i>Net Assets End of Year</i>		<u>\$600,451</u>

See accompanying notes to the basic financial statements

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Fire District Fund</u>	<u>General Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	<u>\$79,588</u>	<u>\$283,777</u>	<u>\$22,999</u>	<u>\$76,679</u>	<u>\$137,408</u>	<u>\$600,451</u>
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	79,588					79,588
Special Revenue Funds		283,777	22,999		137,153	443,929
Debt Service Fund				76,679	255	76,934
<i>Total Fund Balances</i>	<u>\$79,588</u>	<u>\$283,777</u>	<u>\$22,999</u>	<u>\$76,679</u>	<u>\$137,408</u>	<u>\$600,451</u>

See accompanying notes to the basic financial statements

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007*

	General	Gasoline Tax Fund	Fire District Fund	General Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$97,758		\$89,248	\$119,308	\$34,184	\$340,498
Charges for Services			1,188			1,188
Licenses, Permits and Fees	3,069				1,318	4,387
Intergovernmental	55,005	\$84,186	11,081	14,994	12,914	178,180
Interest	18,344	5,045			3,383	26,772
Miscellaneous	1,302		1,320		500	3,122
<i>Total Receipts</i>	<u>175,478</u>	<u>89,231</u>	<u>102,837</u>	<u>134,302</u>	<u>52,299</u>	<u>554,147</u>
Disbursements						
Current:						
General Government	116,845					116,845
Public Safety			79,482			79,482
Public Works	26,036	13,453			34,686	74,175
Health	5,369				766	6,135
Capital Outlay			43,731		458	44,189
Debt Service:						
Principal Retirement				30,000		30,000
Interest and Fiscal Charges				74,057		74,057
<i>Total Disbursements</i>	<u>148,250</u>	<u>13,453</u>	<u>123,213</u>	<u>104,057</u>	<u>35,910</u>	<u>424,883</u>
<i>Net Change in Fund Balances</i>	27,228	75,778	(20,376)	30,245	16,389	129,264
<i>Fund Balances Beginning of Year</i>	52,360	207,999	43,375	46,434	121,019	471,187
<i>Fund Balances End of Year</i>	<u>\$79,588</u>	<u>\$283,777</u>	<u>\$22,999</u>	<u>\$76,679</u>	<u>\$137,408</u>	<u>\$600,451</u>

See accompanying notes to the basic financial statements

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$68,000	\$68,000	\$97,758	\$29,758
Charges for Services	6,400	6,400		(6,400)
Licenses, Permits and Fees	1,663	1,663	3,069	1,406
Intergovernmental	48,300	48,300	55,005	6,705
Interest	3,700	3,700	18,344	14,644
Other	3,937	3,937	1,302	(2,635)
<i>Total receipts</i>	<u>132,000</u>	<u>132,000</u>	<u>175,478</u>	<u>43,478</u>
Disbursements				
Current:				
General Government	148,973	148,973	116,845	32,128
Public Works	29,387	29,387	26,036	3,351
Health	6,000	6,000	5,369	631
<i>Total Disbursements</i>	<u>184,360</u>	<u>184,360</u>	<u>148,250</u>	<u>36,110</u>
<i>Net Change in Fund Balance</i>	(52,360)	(52,360)	27,228	79,588
<i>Fund Balance Beginning of Year</i>	<u>\$52,360</u>	<u>\$52,360</u>	<u>52,360</u>	
<i>Fund Balance End of Year</i>	<u><u>\$79,588</u></u>	<u><u>\$79,588</u></u>	<u><u>\$79,588</u></u>	<u><u>\$79,588</u></u>

See accompanying notes to the basic financial statements

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$75,000	\$75,000	\$84,186	\$9,186
Interest	5,000	5,000	5,045	45
<i>Total receipts</i>	80,000	80,000	89,231	9,231
Disbursements				
Current:				
Public Works	282,503	282,503	13,453	269,050
Capital Outlay	5,495	5,495		5,495
<i>Total Disbursements</i>	287,998	287,998	13,453	274,545
<i>Net Change in Fund Balance</i>	(207,998)	(207,998)	75,778	283,776
<i>Fund Balance Beginning of Year</i>	\$207,999	\$207,999	207,999	
<i>Fund Balance End of Year</i>	\$1	\$1	\$283,777	\$283,776

See accompanying notes to the basic financial statements

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$103,200	\$103,200	\$89,248	(\$13,952)
Charges for Services	1,800	1,800	1,188	(612)
Intergovernmental	14,000	14,000	11,081	(2,919)
Miscellaneous			1,320	1,320
<i>Total receipts</i>	<u>119,000</u>	<u>119,000</u>	<u>102,837</u>	<u>(16,163)</u>
Disbursements				
Current:				
Public Safety	148,491	115,178	79,482	35,696
Capital Outlay	13,884	47,197	43,731	3,466
<i>Total Disbursements</i>	<u>162,375</u>	<u>162,375</u>	<u>123,213</u>	<u>39,162</u>
<i>Net Change in Fund Balance</i>	(43,375)	(43,375)	(20,376)	22,999
<i>Fund Balance Beginning of Year</i>	\$43,375	\$43,375	43,375	
<i>Fund Balance End of Year</i>	<u><u> </u></u>	<u><u> </u></u>	<u><u>\$22,999</u></u>	<u><u>\$22,999</u></u>

See accompanying notes to the basic financial statements

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 1 – REPORTING ENTITY

Richfield Township, Lucas, Ohio (the Township), is a body politic and corporate established in 1840 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, fire protection, emergency medical services, and cemetery maintenance. Police protection is provided by the Lucas County Sheriff.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Based on these criteria, the Township has no component units.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances and debt of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are categorized as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are as follows:

1. General Fund

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

2. Gasoline Tax Fund

The Gasoline Tax Fund receives gasoline tax monies used to pay for constructing, maintaining, and repairing Township roads.

3. Fire District Fund

The Fire District Fund receives special levy tax revenue used to provide fire services for the Township, including the Village of Berkey.

4. General Bond (Note) Retirement

The General Bond (Note) Retirement Fund receives tax levy money used to pay for the 2005 bonds for the new Township fire station.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

During 2007, the Township invested in a money market sweep account and STAR Ohio, both are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$18,344 which includes \$15,913 assigned from other Township funds.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township’s cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

K. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road and bridge construction, maintenance and repair, fire protection, and cemetery maintenance. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The Township had no reservations of fund balance at December 31, 2007.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no differences between the budgetary basis and the cash basis in as much as the Township cancels outstanding year end encumbrances.

NOTE 4 – DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 4 – DEPOSITS AND INVESTMENTS – (CONTINUED)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$429,030 of the Township's bank balance of \$529,030 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 4 – DEPOSITS AND INVESTMENTS – (CONTINUED)

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007, the Township had the following investments:

	Carrying Value	Average Rate
STAR Ohio	\$92,795	5.05%
Total Portfolio	\$92,795	

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognize standard rating service.

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 5 – PROPERTY TAXES – (CONTINUED)

The full tax rate for all Township operations for the year ended December 31, 2007, was \$53.37 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$36,876,270
Commercial and Industrial	1,156,150
Tangible Personal Property	
General Personal	239,610
Public Utility	1,683,100
Total Assessed Value	<u>\$39,955,130</u>

NOTE 6 –RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 6 –RISK MANAGEMENT – (CONTINUED)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31(latest information available):

	2006	2005
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>(3,329,620)</u>	<u>(2,748,639)</u>
Members' Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005, were \$13,423, \$10,504, and \$10,932 respectively. The full amount has been contributed for 2007, 2006, and 2005.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 8 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5.0 and 6.0 percent of covered payroll was the portion that was used to fund health care from January 1, 2007 to June 30, 2007 and from July 1, 2007 to December 31, 2007, respectively.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. The number of active contribution participants for both plans used in the December 31, 2006 actuarial valuation was 362,130. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$9,111. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which allow additional funds to be allocated to the health care plan.

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 9 – DEBT

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds	2.5%	\$1,330,000		\$30,000	\$1,300,000	\$35,000

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax levy. The money was used for the construction of the Richfield Township fire station.

The following is a summary of the Township's future annual debt service requirements:

Year	G.O. Bonds	
	Principal	Interest
2008	\$35,000	\$73,293
2009	35,000	72,225
2010	45,000	71,035
2011	45,000	69,347
2012	50,000	67,525
2013–2017	360,000	287,700
2018–2022	580,000	156,000
2023	150,000	9,000
Totals	<u>\$1,300,000</u>	<u>\$806,125</u>



Mary Taylor, CPA

Auditor of State

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

Richfield Township
Lucas County
3951 Washburn Road
Berkey, Ohio 43504-9722

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richfield Township, Lucas County, (the Township) as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 3, 2008 wherein we noted the Township uses a comprehensive basis of accounting other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. 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 provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

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

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

We noted certain matters that we reported to the Township's management in a separate letter dated July 3, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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



Mary Taylor, CPA
Auditor of State

July 3, 2008



Mary Taylor, CPA
Auditor of State

RICHFIELD TOWNSHIP

LUCAS 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 31, 2008**