

***RICHFIELD TOWNSHIP
SUMMIT COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

Board of Trustees
Richfield Township
4410 West Streetsboro Road
Richfield, Ohio 44286-0191

We have reviewed the *Report of Independent Accountants* of Richfield Township, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2006 through 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's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. 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 *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the AOS 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. Richfield Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 29, 2009

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**RICHFIELD TOWNSHIP
SUMMIT COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2007 and 2006**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Richfield Township
Summit County
4410 West Streetsboro Road
Richfield, Ohio 44286

To the Board of Trustees:

We have audited the accompanying financial statements of Richfield Township, Summit County (the Township), as 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 that 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 revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2007 and 2006. While the Township does not follow GAAP, generally accepted auditing standards require 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 the Township does not use GAAP to measure its 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 of Richfield Township 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 March 20, 2009, 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, 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 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.

Charles E. Harris & Associates, Inc.

March 20, 2009

**RICHFIELD TOWNSHIP
SUMMIT COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2007**

	Governmental Fund Types				(Memorandum Only) Total
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property and Other Local Taxes	\$ 273,071	\$ 891,111	\$ 675	\$ -	\$ 1,164,857
Licenses, permits and fees	38,448	11,569	-	20,700	70,717
Intergovernmental	314,379	222,926	-	-	537,305
Earnings on Investments	38,979	12,220	-	-	51,199
Miscellaneous	18,804	-	-	-	18,804
Total Receipts	683,681	1,137,826	675	20,700	1,842,882
Disbursements:					
Current:					
General Government	370,398	12,815	-	-	383,213
Public Safety	-	808,271	-	-	808,271
Public Works	140,218	337,414	-	-	477,632
Health	48,694	-	-	-	48,694
Conservation-Recreation	22,161	341	-	-	22,502
Debt Service:					
Principal Retirement	-	-	675	-	675
Total Cash Disbursements	581,471	1,158,841	675	-	1,740,987
Excess of Cash Receipts Over/(Under) Cash Disbursements	102,210	(21,015)	-	20,700	101,895
Fund Balance, January 1	499,439	412,346	337	24,254	936,376
Fund Balance, December 31	\$ 601,649	\$ 391,331	\$ 337	\$ 44,954	\$ 1,038,271

See accompanying Notes to the Financial Statements.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2006**

	<u>Governmental Fund Types</u>				(Memorandum Only) Total
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Receipts:					
Property and Other Local Taxes	\$ 264,788	\$ 868,881	\$ 675	\$ -	\$ 1,134,344
Licenses, permits and fees	28,966	16,209	-	20,700	65,875
Intergovernmental	271,051	218,477	-	-	489,528
Earnings on Investments	31,355	13,010	-	-	44,365
Miscellaneous	6,929	-	-	2,835	9,764
Total Receipts	603,089	1,116,577	675	23,535	1,743,876
Disbursements:					
Current:					
General Government	380,184	21,700	-	-	401,884
Public Safety	-	749,305	-	22,649	771,954
Public Works	96,688	288,905	-	-	385,593
Health	43,456	-	-	-	43,456
Conservation-Recreation	23,653	303	-	-	23,956
Capital Outlay	-	-	-	50,225	50,225
Debt Service:					
Principal Retirement	-	-	675	-	675
Total Cash Disbursements	543,981	1,060,213	675	72,874	1,677,743
Excess of Cash Receipts Over/(Under)					
Cash Disbursements	59,108	56,364	-	(49,339)	66,133
Fund Balance, January 1 as Restated, See Note 10	440,331	355,982	337	73,593	870,243
Fund Balance, December 31	\$ 499,439	\$ 412,346	\$ 337	\$ 24,254	\$ 936,376

See accompanying Notes to the Financial Statements.

RICHFIELD TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Richfield Township, Summit County (the Township) is a body corporate and politic established for the purpose of exercising 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 and a publicly-elected Clerk. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Richfield to provide police and fire protection and emergency medical services.

The Township's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

RICHFIELD TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. **FUND ACCOUNTING** – (continued)

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required bylaw or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than capital projects) that are restricted to expenditures for specific purposes. The Township has the following significant Special Revenue funds:

- *Police District Fund* – This fund receives money from a special tax levy used to pay the Village of Richfield for contracted police services.
- *Fire District Fund* – This fund receives money from a special tax levy to fund the cost of the Township's fire services contract with the Village of Richfield.

Debt Service Fund: The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township's only Debt Service Fund is the Ohio Public Works Commission (OPWC) Briarwood Road Culvert Fund, which is used to accumulate resources for the repayment of a loan from the Ohio Public Works Commission for culvert replacement on Briarwood Road.

Capital Project Funds: This fund accounts for receipts restricted for acquiring or constructing major governmental capital projects. The Township had the following significant Capital Project Funds:

- *Road Improvement* – This fund is used to account for projects undertaken to improve the Township's roads.

E. **BUDGETARY PROCESS**

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Township Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

RICHFIELD TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

E. **BUDGETARY PROCESS** - (continued)

1. **Estimated Resources**

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The county budget commission approves the certificate of estimated resources.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate, which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate and submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Clerk identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2006 and 2007. However, those fund balances are available for appropriation.

2. **Appropriations**

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. **Encumbrances**

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The Township's legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding year without being re-appropriated.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY, OHIO**
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	2006	2007
Demand Deposit	\$ 26,376	\$ 3,271
Repurchase Agreement	910,000	1,035,000
Total Deposits and Investments	\$ 936,376	\$ 1,038,271

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize the repurchase agreement. The securities are not in the Township's name.

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2006.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. 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 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

RICHFIELD TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

3. PROPERTY TAXES - (continued)

Public utilities are also taxed on personal and real property located within the Township. Tangible personal property tax is assessed on the property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

4. BUDGETARY ACTIVITY

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

2007 Budgeted vs Actual Budgetary Basis Expenditures			
Funds	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 741,705	\$ 581,471	\$ 160,234
Special Revenue	1,269,570	1,158,841	110,729
Debt Service	675	675	-
Capital Projects	33,695	-	33,695

2006 Budgeted vs Actual Budgetary Basis Expenditures			
Funds	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 600,000	\$ 543,981	\$ 56,019
Special Revenue	1,529,733	1,060,213	469,520
Debt Service	675	675	-
Capital Projects	85,515	72,874	12,641

2007 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 529,217	\$ 683,681	\$ 154,464
Special Revenue	1,044,755	1,137,826	93,071
Debt Service	675	675	-
Capital Projects	20,700	20,700	-

RICHFIELD TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

4. BUDGETARY ACTIVITY - (continued)

2006 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 440,740	\$ 603,089	\$ 162,349
Special Revenue	1,066,788	1,116,577	49,789
Debt Service	675	675	-
Capital Projects	20,700	20,700	-

5. DEBT

Debt outstanding at December 31, 2007 is as follows:

	Principal	Interest Rate
Ohio Public Works Commission	\$ 6,411	0%

The Ohio Public Works Commission Loan was issued in 1998 to finance the replacement of the culvert on Briarwood Road. The Ohio Public Works Commission is an interest free loan. The responsibility for repayment of this loan was assumed by the Township from the former Richfield Township, which was dissolved on August 12, 2003.

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

Year ending December 31:	Ohio Public Works Commission Loan
2008	\$ 675
2009	675
2010	675
2011	675
2012	675
2013-2017	3,036
	\$ 6,411

6. RETIREMENT SYSTEM

Employees of the Township belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

6. RETIREMENT SYSTEM - (continued)

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 9% in 2006 and 9.5% in 2007 of their gross pay while the Township contributed an amount equal to 13.7% and 13.85% of covered payroll, respectively. The Township paid all required contributions through 2007.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- . Comprehensive property and general liability;
- . Vehicles; and
- . Errors and omissions.

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Township pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

8. PERMIT FEES

The Township has an agreement with Verizon, whereby Verizon pays the Township a permit fee for a cell phone tower on the property of the Road Service Yard. The fees are used for any capital property improvement.

9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

10. RESTATEMENT OF PRIOR YEAR FUND BALANCE

	<u>Fund Balance 12/31/05</u>	<u>Restatement</u>	<u>Restated Fund Balance 1/1/06</u>
Non-Expendable Trust	\$88,631	\$(88,631)	\$0
Special Revenue Funds	343,409	12,573	355,982
General Fund	400,353	39,978	440,331

RICHFIELD TOWNSHIP
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

10. **RESTATEMENT OF PRIOR YEAR FUND BALANCE** – (continued)

Part of the restatement was done to comply with the Auditor of State requirement stated in Bulletin 2005-005. Bulletin 2005-005 states that local governments that prepare non-GAAP, cash-basis financial statements will be required to reclassify their nonexpendable and expendable trust funds as part of the governmental fund type or private purpose trust categories effective January 1, 2006.

Also, several adjustments were made due to various mispostings in prior years.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

**Richfield Township
Summit County
4410 West Streetsboro Road
Richfield, Ohio 44286**

To the Board of Trustees:

We have audited the financial statements of Richfield Township, Summit County, Ohio, (the Township) as and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated March 20, 2009, wherein we noted the Township follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Controls 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.

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

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 prescribed or permitted by the Auditor of State of Ohio 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. We consider the deficiency described in the accompanying schedule of findings, item 2007-Richfield-01 to be a significant deficiency in internal control over financial reporting.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

We noted certain matters that we have reported to management of the Township in a separate letter dated March 20, 2009.

This report is intended 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.

Charles E. Harris & Associates, Inc.

March 20, 2009

**RICHFIELD TOWNSHIP
SUMMIT COUNTY, OHIO
For the Years Ended December 31, 2007 and 2006**

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

Finding Number: 2007-Richfield-01 - Material Weakness

Bank Reconciliations/Accounting Transactions

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. A bank reconciliation means accounting for the differences between the balance on the bank statement(s) and the cash and investment balances according to the entity's records. This process involves reconciling the bank balance to the cash and investment balance. For the audit period of January 1, 2006 to December 31, 2007, the Township did not reconcile the bank balance to the Township's records on a monthly basis. This was caused by prior year audit adjustments made incorrectly by the auditors and incorrect postings of various accounting transactions.

Without complete and accurate monthly bank reconciliations, the Township's internal control is weakened, which could hinder the detection of errors or irregularities by the Township's management in a timely manner. We also noted several current period transactions recorded in the Miscellaneous Revenue line item, when they should have been recorded in a more specific line item, i.e., Intergovernmental Revenue or Licenses, Permits and Fees. Also, we noted that the Township has a Special Assessment Fund recorded on its books. This fund should be classified as a Special Revenue Fund.

We noted that the bank reconciliations were properly performed after year-end and adjustments were made in the accounting records to correct the misstatements above. Also, the adjustments were made in the accompanying financial statements.

The Township should perform bank reconciliation monthly and timely, and have the Board of Trustees sign and date the bank reconciliation to indicate they have been reviewed. Also, care should be exercised in posting receipts to the accounting records to ensure they are recorded in the proper line items. The Fiscal Officer can refer to the Village Officers' Handbook to determine the proper account to post transactions.

Management Response:

Management has since reconciled the accounting records and will continue to perform these reconciliations on a monthly basis. Also, they will utilize the Village Officers' Handbook in the recording of accounting transactions.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY
For the Years Ended December 31, 2007 and 2006**

Status of Prior Audit Findings

The prior audit report, for the years ended December 31, 2005 and 2004, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

RICHFIELD TOWNSHIP

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 11, 2009**