

***LITCHFIELD TOWNSHIP
MEDINA COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2009 & 2008

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



Mary Taylor, CPA

Auditor of State

Board of Trustees
Litchfield Township
P.O. Box 178
Litchfield, Ohio 44253

We have reviewed the *Report of Independent Accountants* of Litchfield Township, Medina County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 22, 2010

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**LITCHFIELD TOWNSHIP
MEDINA COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2009 & 2008**

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

REPORT OF INDEPENDENT ACCOUNTANTS

Litchfield Township
Medina County
P.O. Box 178
Litchfield, Ohio 44253

To the Board of Trustees:

We have audited the accompanying financial statements of Litchfield Township, Medina County (the Township), as of and for the years ended December 31, 2009 and 2008. 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, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2009 and 2008. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, 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, 2009 and 2008, 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 fund cash balances of the Township, as of December 31, 2009 and 2008, and its cash receipts and disbursements and changes in fund cash balances 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, 2009 and 2008. 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 31, 2010, 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 do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal controls 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.

Charles E. Harris & Associates, Inc.
March 31, 2010

LITCHFIELD TOWNSHIP
MEDINA COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2009

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Taxes	\$ 246,596	\$ 313,590	\$ 560,186
Intergovernmental	84,299	180,403	264,702
Charges for Services	-	50,045	50,045
Licenses, Permits, and Fees	4,985	9,500	14,485
Fines and Forfeitures	1,501	-	1,501
Earnings on Investments	6,458	1,011	7,469
Other Revenue	<u>6,037</u>	<u>5,600</u>	<u>11,637</u>
Total Receipts	349,876	560,149	910,025
Disbursements:			
Current:			
General Government	152,671	-	152,671
Public Safety	4,350	167,982	172,332
Public Works	8,747	142,823	151,570
Health	3,654	9,497	13,151
Conservation/Recreation	11,312	-	11,312
Capital Outlay	21,696	152,719	174,415
Debt Service:			
Redemption of Principal	38,000	-	38,000
Interest and Other Fiscal Charges	<u>52,611</u>	<u>-</u>	<u>52,611</u>
Total Disbursements	<u>293,041</u>	<u>473,021</u>	<u>766,062</u>
Net Receipts Over/(Under) Disbursements	56,835	87,128	143,963
Excess/(Deficiency) of Receipts and Other Sources Over Disbursements and Other Uses	56,835	87,128	143,963
Fund Cash Balance, January 1	<u>242,433</u>	<u>576,402</u>	<u>818,835</u>
Fund Cash Balance, December 31	<u>\$ 299,268</u>	<u>\$ 663,530</u>	<u>\$ 962,798</u>

See accompanying Notes to the Financial Statements.

LITCHFIELD TOWNSHIP
MEDINA COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2008

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Taxes	\$ 219,333	\$ 302,085	\$ 521,418
Intergovernmental	110,431	131,869	242,300
Charges for Services	-	42,498	42,498
Licenses, Permits, and Fees	2,448	4,300	6,748
Fines and Forfeitures	4,523	-	4,523
Earnings on Investments	23,934	4,970	28,904
Other Revenue	3,470	4,494	7,964
	<hr/>	<hr/>	<hr/>
Total Receipts	364,139	490,216	854,355
Disbursements:			
Current:			
General Government	156,247	-	156,247
Public Safety	3,820	153,414	157,234
Public Works	7,997	519,435	527,432
Health	3,034	15,044	18,078
Conservation/Recreation	1,900	-	1,900
Capital Outlay	21,782	175,930	197,712
Debt Service:			
Redemption of Principal	36,000	-	36,000
Interest and Other Fiscal Charges	54,358	-	54,358
	<hr/>	<hr/>	<hr/>
Total Disbursements	285,138	863,823	1,148,961
Net Receipts Over/(Under) Disbursements	79,001	(373,607)	(294,606)
Excess/(Deficiency) of Receipts and Other Sources Over Disbursements and Other Uses	79,001	(373,607)	(294,606)
Fund Cash Balance, January 1	163,432	950,009	1,113,441
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Fund Cash Balance, December 31	\$ 242,433	\$ 576,402	\$ 818,835
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See accompanying Notes to the Financial Statements.

**LITCHFIELD TOWNSHIP
MEDINA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2009 and 2008**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE ENTITY**

Litchfield Township, Medina County, Ohio, (the Township) is a body corporate and politic established 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 provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. **BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursement 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 AND INVESTMENTS**

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.

STAR Ohio is recorded at share values reported by the Treasurer of State.

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:

Governmental Fund Types:

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

Special Revenue Funds: To account for the proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes. The Township has the following significant Special Revenue Funds:

EMS Special Levy Fund – This fund receives property tax proceeds for operations of the Emergency Medical Services within the Township.

**LITCHFIELD TOWNSHIP
MEDINA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2009 and 2008**

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

D. **FUND ACCOUNTING - (continued)**

Road and Bridge Fund – This fund receives real estate taxes, property taxes, and intergovernmental receipts for road repairs and maintenance within the Township.

E. **BUDGETARY PROCESS**

1. **Budget**

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

2. **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 certificate is approved by the county budget commission and sent to the Township Clerk by September 1.

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, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increase or decrease in revenues is identified by the Clerk. The amounts reported in Note 3 reflect the amounts in the final amended certificates issued during 2009 and 2008.

3. **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. The legal level of control is the object level.

4. **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. Unencumbered appropriations lapse at year end.

**LITCHFIELD TOWNSHIP
MEDINA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. BUDGETARY PROCESS - (continued)

4. Encumbrances – (continued)

Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. UNPAID VACATION AND SICK LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities on the accompanying financial statements.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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 and investments at December 31 was as follows:

	<u>2009</u>	<u>2008</u>
Demand Deposits	\$ 572,977	\$ 430,087
STAR Ohio	<u>389,821</u>	<u>388,748</u>
Total	<u>\$ 962,798</u>	<u>\$ 818,835</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Company, (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.

**LITCHFIELD TOWNSHIP
MEDINA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2009 and 2008**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 602,261	\$ 349,876	\$ (252,385)
Special Revenue	461,265	560,149	98,884

2009 Budgeted vs Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 844,000	\$ 293,041	\$ 550,959
Special Revenue	928,700	473,021	455,679

2008 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 531,286	\$ 364,139	\$ (167,147)
Special Revenue	439,678	490,216	50,538

2008 Budgeted vs Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 694,000	\$ 285,138	\$ 408,862
Special Revenue	1,341,700	863,823	477,877

4. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35 percent of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last full triennial reappraisal was completed for tax year 2007.

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.

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 and classified as intergovernmental receipts.

**LITCHFIELD TOWNSHIP
MEDINA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2009 and 2008**

4. PROPERTY TAXES – (continued)

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tangible personal property taxes are being phased out through 2009.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RISK MANAGEMENT

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed 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 retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. 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, the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years. Also, coverages were not reduced from the prior year.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members’ Equity	<u>\$ 5,184,333</u>	<u>\$ 6,862,902</u>

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

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.

**LITCHFIELD TOWNSHIP
MEDINA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2009 and 2008**

6. PENSION AND RETIREMENT PLAN

The Ohio Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008, OPERS members contributed 10% of their salaries. The Township contributed an amount equal to 14% of participants' gross salaries. In 2009, OPERS member employees contributed 10% while the Township contributed 14%. The Township has paid all contributions required through December 31, 2009.

7. LONG-TERM DEBT

In 2006, the Township entered into a loan agreement with the Ohio Township Association (OTA) for the construction of the fire station. The OTA disbursed the loan amount to the Bank of New York, who deposited the money in a trustee account in the name of Litchfield Township and pays the contractors. The debt activity for the loan in 2008 and 2009 is as follows:

	Principal Balance Jan 1	Addition	Reduction	Principal Balance Dec 31
2008	\$ 1,095,000	-	\$ 36,000	\$ 1,059,000
2009	1,059,000	-	38,000	1,021,000

The loan is a 20-year loan at a 4.87% interest rate. It can be prepaid only after its 10th anniversary date. The fire station has been completed under budget.

The amortization schedule, including interest, for the term of the loan agreement is as follows:

Year	Amounts
2010	\$ 90,768
2011	90,828
2012	90,792
2013	90,658
2014	90,426
2015-19	454,594
2020-24	453,952
2025-26	181,722
Total payments	<u>\$ 1,543,740</u>

8. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

9. LEGAL COMPLIANCE

The Township did not amend its estimated resources and appropriations as it did not meet its budgetary receipt estimates, contrary to the requirements of Ohio Revised Code Section 5705.36.

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

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

Litchfield Township
Medina County
P.O. Box 178
Litchfield, Ohio 44253

To the Board of Trustees:

We have audited the financial statements of Litchfield Township, Medina County Ohio (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 31, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting, that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-Litchfield-01 described in the accompanying schedule of findings to be a material weakness.

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 grants 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 such an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-Litchfield-01 and 02.

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

We noted certain matters that we reported to management of the Township in a separate letter dated March 31, 2010.

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

Charles E. Harris and Associates, Inc.

March 31, 2010

**LITCHFIELD TOWNSHIP
MEDINA COUNTY, OHIO
SCHEDULE OF FINDINGS
December 31, 2009 & 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-Litchfield-01 – Non-compliance Citation and Material Weakness

Ohio Admin. Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance and finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

In 2009 and 2008, the debt service principal and interest payments were classified as Capital Outlay rather than Debt Service Payments - Principal Redemption and Interest and Fiscal Charges. These were reclassified accordingly.

In 2009 and 2008, the Township recorded homestead and rollback receipts from the state as property taxes. These were reclassified as intergovernmental receipts.

We recommend that the Fiscal Officer follow the Ohio Township Handbook guidelines and the Ohio Revised Code and appropriate Auditor of State Bulletins in the proper posting of transactions.

MANAGEMENT RESPONSE:

The Fiscal Officer agrees and will make the proper classification of accounts for future audits.

FINDING NUMBER 2009-Litchfield-02 – Non-compliance Citation

Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources and the deficiency will reduce the estimated resources below appropriations.

Actual receipts were below estimated receipts to the extent by which the shortage of actual compared to estimated receipts reduced the total estimated resources to an amount lower than the appropriations in the following fund:

General Fund 2009: (\$251,691)
General Fund 2008: (\$166,429)

We recommend that the Township review its estimated receipts and compare to actual receipts and appropriations and make modifications if the deficiency will reduce its appropriations below estimated resources.

MANAGEMENT RESPONSE:

The Fiscal Officer and Trustees will closely monitor the Township budget in the future.

**LITCHFIELD TOWNSHIP
MEDINA COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2009 and 2008**

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2007-Litchfield-01	Ohio Admin. Code Section 117-2-02 – classification of accounts.	No	Repeated as 2009-Litchfield-01
2007-Litchfield-01	Ohio Revised Code 5705.36 – amendment to estimated resources	No	Repeated as 2009-Litchfield-02



Mary Taylor, CPA
Auditor of State

LITCHFIELD TOWNSHIP

MEDINA 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
MAY 6, 2010**