

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

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010***

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





# Dave Yost • Auditor of State

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

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, 2010 through December 31, 2011. 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. Richfield Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 4, 2012

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**RICHFIELD TOWNSHIP  
SUMMIT COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2011 and 2010**

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Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306

Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Township Trustees:

We have audited the accompanying financial statements of Richfield Township, Summit County, Ohio as and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, Richfield Township, Summit County 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.

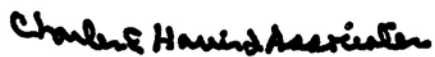
Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Richfield Township, Summit County as of December 31, 2011 and 2010, 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 as of December 31, 2011 and 2010 of Richfield Township, Summit County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 10, during 2010 Richfield Township, Summit County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2012, 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.



Charles E. Harris & Associates, Inc.  
March 15, 2012

**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, 2011**

	Governmental Fund Types				(Memorandum Only) Total
	General	Special Revenue	Debt Service	Capital Projects	
<b>Receipts:</b>					
Property and Other Local Taxes	\$ 292,755	\$ 963,648	\$ 675	-	\$ 1,257,078
Licenses, permits and fees	30,078	2,820	-	-	32,898
Fines and Forfeitures	2,407	-	-	-	2,407
Intergovernmental	286,864	235,666	-	571,592	1,094,122
Earnings on Investments	3,182	-	-	-	3,182
Miscellaneous	25,440	-	-	-	25,440
<b>Total Receipts</b>	<b>640,726</b>	<b>1,202,134</b>	<b>675</b>	<b>571,592</b>	<b>2,415,127</b>
<b>Disbursements:</b>					
<b>Current:</b>					
General Government	421,793	92	-	-	421,885
Public Safety	-	936,050	-	-	936,050
Public Works	383,308	293,324	-	-	676,632
Health	59,520	-	-	-	59,520
Conservation-Recreation	23,582	5,427	-	-	29,009
Capital Outlay	27,003	7,342	-	571,592	605,937
<b>Debt Service:</b>					
Principal Retirement	-	-	675	-	675
<b>Total Cash Disbursements</b>	<b>915,206</b>	<b>1,242,235</b>	<b>675</b>	<b>571,592</b>	<b>2,729,708</b>
<b>Excess of Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(274,480)</b>	<b>(40,101)</b>	<b>-</b>	<b>-</b>	<b>(314,581)</b>
<b>Other Financing Sources (Uses):</b>					
Sale of Capital Assets	15,900	-	-	-	15,900
Proceeds of Loan	27,003	-	-	-	27,003
Other Financing Sources	16,612	-	-	-	16,612
<b>Total Other Financing Sources (Uses)</b>	<b>59,515</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,515</b>
<b>Total Receipts and Other Sources Over (Under) Disbursements and Other Uses</b>	<b>(214,965)</b>	<b>(40,101)</b>	<b>-</b>	<b>-</b>	<b>(255,066)</b>
<b>Fund Balance, January 1</b>	<b>1,482,388</b>	<b>574,895</b>	<b>337</b>	<b>93,869</b>	<b>2,151,489</b>
<b>Fund Balance, December 31</b>					
Restricted	-	534,794	337	93,869	629,000
Unassigned	1,267,423	-	-	-	1,267,423
<b>Fund Balance, January 1</b>	<b>\$ 1,267,423</b>	<b>\$ 534,794</b>	<b>\$ 337</b>	<b>\$ 93,869</b>	<b>\$ 1,896,423</b>

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, 2010**

	Governmental Fund Types				(Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Total
<b>Receipts:</b>					
Property and Other Local Taxes	\$ 304,316	\$ 1,013,609	\$ 675	-	\$ 1,318,600
Licenses, permits and fees	28,691	4,703	-	-	33,394
Fines and Forfeitures	2,824	-	-	-	2,824
Intergovernmental	1,378,893	248,460	-	-	1,627,353
Earnings on Investments	2,254	70	-	-	2,324
Miscellaneous	21,210	-	-	\$ 5,951	27,161
<b>Total Receipts</b>	<b>1,738,188</b>	<b>1,266,842</b>	<b>675</b>	<b>5,951</b>	<b>3,011,656</b>
<b>Disbursements:</b>					
<b>Current:</b>					
General Government	404,058	8,708	-	-	412,766
Public Safety	-	889,369	-	-	889,369
Public Works	270,951	289,501	-	-	560,452
Health	60,369	-	-	-	60,369
Conservation-Recreation	20,322	-	-	-	20,322
Capital Outlay	19,661	-	-	-	19,661
<b>Debt Service:</b>					
Principal Retirement	-	-	675	-	675
<b>Total Cash Disbursements</b>	<b>775,361</b>	<b>1,187,578</b>	<b>675</b>	<b>-</b>	<b>1,963,614</b>
<b>Excess of Cash Receipts Over/(Under)</b>					
Cash Disbursements	962,827	79,264	-	5,951	1,048,042
<b>Restated Fund Balance, January 1 , See Note 10</b>	<b>519,561</b>	<b>495,631</b>	<b>337</b>	<b>87,918</b>	<b>1,103,447</b>
<b>Fund Balance, December 31</b>					
Restricted	-	574,895	337	93,869	669,101
Unassigned	1,482,388	-	-	-	1,482,388
<b>Fund Balance, December 31</b>	<b>\$ 1,482,388</b>	<b>\$ 574,895</b>	<b>\$ 337</b>	<b>\$ 93,869</b>	<b>\$ 2,151,489</b>

See accompanying Notes to the Financial Statements.

**RICHFIELD TOWNSHIP  
SUMMIT COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**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 Fiscal Officer. 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, 2011 and 2010

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 by law 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 Township Fund* – This fund receives money from a special tax levy used to pay the Village of Richfield for contracted police services.
- *Fire Township 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 Fund:

- *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 Fiscal Officer, 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, 2011 and 2010

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 Fiscal Officer 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 Fiscal Officer identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2010 and 2011. 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, 2011 and 2010**

**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.

**H. FUND BALANCE**

Fund balance is divided into classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable**

The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**Restricted**

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed**

Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**RICHFIELD TOWNSHIP**  
**SUMMIT COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

H. **FUND BALANCE** - (Continued)

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 and investments at December 31 was as follows:

	2011	2010
Demand Deposit	\$ (178,577)	\$ (23,511)
Repurchase Agreement	2,075,000	2,175,000
Total Deposits and Investments	\$ 1,896,423	\$ 2,151,489

The negative demand deposits are due to the overnight investments in the repurchase agreements.

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.

**RICHFIELD TOWNSHIP  
SUMMIT COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**3. PROPERTY TAXES**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the Township. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Summit County Fiscal Office at 35% of appraised market value. All property is required to be revalued every six year. The last revaluation for the Township was completed in 2009; an update will be done in 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2011 represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied April 1, 2009 on the values listed as of December 31, 2009. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Summit County Fiscal Officer collects property taxes on behalf of the Township. The Summit County Fiscal Officer remits the collected taxes to the Township. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

**RICHFIELD TOWNSHIP**  
**SUMMIT COUNTY, OHIO**  
 Notes to the Financial Statements  
 For the Years Ended December 31, 2011 and 2010

4. **BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2011 and 2010 is as follows:

<b>2011 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 636,224	\$ 700,241	\$ 64,017
Special Revenue	1,234,590	1,202,134	(32,456)
Debt Service	675	675	-
Capital Projects	571,592	571,592	-
<b>Total</b>	<b>\$ 2,443,081</b>	<b>\$ 2,474,642</b>	<b>\$ 31,561</b>

<b>2011 Budgeted vs. Actual Budgetary Basis Disbursements</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Disbursements</b>	<b>Variance</b>
General	\$ 2,119,377	\$ 915,206	\$ 1,204,171
Special Revenue	1,761,810	1,242,235	519,575
Debt Service	1,012	675	337
Capital Projects	571,592	571,592	-
<b>Total</b>	<b>\$ 4,453,791</b>	<b>\$ 2,729,708</b>	<b>\$ 1,724,083</b>

<b>2010 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 1,736,582	\$ 1,738,188	\$ 1,606
Special Revenue	1,250,982	1,266,842	15,860
Debt Service	675	675	-
Capital Projects	5,951	5,951	-
<b>Total</b>	<b>\$ 2,994,190</b>	<b>\$ 3,011,656</b>	<b>\$ 17,466</b>



**RICHFIELD TOWNSHIP  
SUMMIT COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**4. BUDGETARY ACTIVITY - (Continued)**

2010 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,130,430	\$ 775,361	\$ 355,069
Special Revenue	1,359,247	1,187,578	171,669
Capital Projects	1,012	675	337
Debt Service	93,869	-	93,869
<b>Total</b>	<b>\$ 2,584,558</b>	<b>\$ 1,963,614</b>	<b>\$ 620,944</b>

**5. DEBT**

Debt outstanding at December 31, 2011 is as follows:

	Principal	Interest Rate
Ohio Public Works Commission - CT022	\$ 4,049	0%
Ohio Public Works Commission - CH11M	27,003	0%

The Ohio Public Works Commission issued a note (CT022) 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.

The Ohio Public Works Commission Loan issued a note (CH11M) to replace a culvert on Whitethorn Circle. The note is an interest free 30-year loan. The first payment is not due until 2012.

**RICHFIELD TOWNSHIP  
SUMMIT COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**5. DEBT - (Continued)**

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

Year ending December 31:	Ohio Public	Ohio Public
	Works Commission Loan - CT022	Works Commission Loan - CH11M
2012	\$ 675	\$ 900
2013	675	900
2014	675	900
2015	675	900
2016	675	900
2017-2021	674	4,500
2022-2026	-	4,500
2027-2031	-	4,500
2032-2036	-	4,500
2037-2041	-	4,503
	<u>\$ 4,049</u>	<u>\$ 27,003</u>

**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.

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 10% in 2010 and in 2011 of their gross pay while the Township contributed an amount equal to 14% of covered payroll for both years. The Township paid all required contributions through 2011.

**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.

**RICHFIELD TOWNSHIP  
SUMMIT COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**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. In 2011, the Trustees voted to move the future revenue to the General Fund.

**9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS**

Management believes there are no pending claims or lawsuits.

**10. FUND BALANCE ADJUSTMENTS**

The Township early implemented GASB 54 and had other various adjustments for more accurate reporting. As a result, the fund balances were adjusted to reflect the proper classification. The adjustments were as follow:

	Fund Types		
	General Fund	Special Revenue	Capital Projects
Fund Cash Balance December 31, 2009	\$643,505	\$368,852	\$90,753
Restatement	(123,944)	126,779	(2,835)
Fund Cash Balance January 1, 2010	\$519,561	\$495,631	\$87,918

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

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

To the Township Trustees:

We have audited the financial statements of Richfield Township, Summit County, Ohio (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated March 15, 2012, 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. Also, we noted the District implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." 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 a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 2011-001 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 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*.

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.

Also, we noted certain matters that we have reported to management of the Township in a separate letter dated March 15, 2012.

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



***Charles E. Harris and Associates, Inc.***

March 15, 2012

**RICHFIELD TOWNSHIP  
SUMMIT COUNTY, OHIO  
For the Years Ended December 31, 2011 and 2010**

**SCHEDULE OF FINDINGS  
December 31, 2011 and 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number: 2011-001 – Material Weakness**

In 2011, the Township received an Ohio Public Works Commission (OPWC) grant in the amount of \$571,952 for construction on Boston Road. OPWC paid the contractor directly. However, the Township did not record the grant proceeds nor the corresponding capital outlay.

The intergovernmental revenue and capital outlay have been adjusted to reflect the activity.

We recommend that the Township properly record all grant proceeds and the corresponding capital outlay to reflect all Township activity.

**Management Response:** Because the grant moneys went directly from OPWC to the contractor, and Richfield Township was never in possession of the funds, recording a receipt for the transaction was never a consideration and would have required posting a dummy positive and dummy negative receipt in order to have the accounts balance. At most, it could be argued that Richfield Township possibly could have recorded dummy receipts to reflect their twenty percent share, which was \$114,390. This would have recognized the receipt of “value” of the grant to the township, even though the funds were never actually in our possession.

In the future, Richfield Township will request Auditor of State guidance on processing of all grant and loan documents.

**RICHFIELD TOWNSHIP  
SUMMIT COUNTY**  
For the Years Ended December 31, 2011 and 2010

**STATUS OF PRIOR AUDIT FINDINGS**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2009-001	Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded estimated resources.	No	Included as management letter comment.
2009-002	The Township did not perform bank reconciliations in a timely manner.	Yes	No Longer Valid







# Dave Yost • 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 14, 2012**