



**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Richfield Township
Summit County
4410 W. Streetsboro Road
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Richfield, Ohio 44286

To the Board of Trustees:

We have audited the accompanying financial statements of Richfield Township, Summit County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2000 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 grants.

This report is intended solely for the information and use of management and the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 26, 2000

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**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$151,133	\$570,461	\$675		\$722,269
Intergovernmental	244,667	124,707			369,374
Charges for Services	5,605				5,605
Licenses, Permits, and Fees		17,598			17,598
Fines, Forfeitures, and Penalties	4,603	835			5,438
Earnings on Investments	37,419				47,925
Other	30,722	43,228		\$12,000	85,950
Total Cash Receipts	474,149	756,829	675	12,000	1,254,159
Cash Disbursements:					
Current:					
General Government	200,934	18,841			219,775
Public Safety	2,771	489,125			491,896
Public Works	85,974	81,056			167,030
Health	28,174				28,174
Human Services	8,049				8,049
Supplies and Materials		3,309		1,018	4,327
Debt Service:					
Redemption of Principal			675		675
Capital Outlay	50,147	60,903		8,364	131,901
Total Cash Disbursements	376,049	653,234	675	9,382	1,051,827
Total Cash Receipts Over/(Under) Cash Disbursements	98,100	103,595		2,618	(1,981)
Other Financing Receipts/(Disbursements):					
Transfers-In				55,000	55,000
Advances-In	29,000				29,000
Transfers-Out	(55,000)				(55,000)
Advances-Out		(15,000)		(14,000)	(29,000)
Total Other Financing Receipts/(Disbursements)	(26,000)	(15,000)		41,000	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	72,100	88,595		43,618	(1,981)
Fund Cash Balances, January 1	369,335	169,306		12,190	116,669
Fund Cash Balances, December 31	\$441,435	\$257,901	\$0	\$55,808	\$114,688
Reserves for Encumbrances, December 31	\$0	\$0	\$0	\$0	\$0

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$140,612	\$524,766	\$26,862			\$692,240
Intergovernmental	271,687	129,032		\$49,275		449,994
Charges for Services	5,205					5,205
Licenses, Permits, and Fees		14,687				14,687
Fines, Forfeitures, and Penalties	8,792	836				9,628
Earnings on Investments	25,909				\$4,743	30,652
Other	33,258	56,954		3,433		93,645
Total Cash Receipts	485,463	726,275	26,862	52,708	4,743	1,296,051
Cash Disbursements:						
Current:						
General Government	183,810	11,576				195,386
Public Safety	3,390	511,543				514,933
Public Works	78,285	86,911				165,196
Health	27,946					27,946
Human Services	9,551					9,551
Contract Services		8,500		49,275		57,775
Supplies and Materials		2,550				2,550
Debt Service:						
Redemption of Principal			25,675			25,675
Interest and Fiscal Charges			1,187			1,187
Capital Outlay	33,655	6,614		6,160		46,429
Total Cash Disbursements	336,637	627,694	26,862	55,435		1,046,628
Total Cash Receipts Over/(Under) Cash Disbursements	148,826	98,581		(2,727)	4,743	249,423
Other Financing Receipts/(Disbursements):						
Advances-In				14,000		14,000
Advances-Out	(14,000)					(14,000)
Other Sources	622					622
Total Other Financing Receipts/(Disbursements)	(13,378)			14,000		622
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	135,448	98,581		11,273	4,743	250,045
Fund Cash Balances, January 1	233,887	70,725		917	111,926	417,455
Fund Cash Balances, December 31	\$369,335	\$169,306	\$0	\$12,190	\$116,669	\$667,500
Reserves for Encumbrances, December 31	\$0	\$0	\$0	\$0	\$0	\$0

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Richfield Township, Summit County, (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, and cemetery maintenance. The Township contracts with the Village of Richfield to provide fire services 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 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).

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

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are included in cash fund 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 uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

Police District Fund - Receives money from a special tax levy to fund the Township's Police Department.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire District Fund - Receives money from a special tax levy to fund the cost of the Township's fire services contract with the Village of Richfield.

3. Debt Service Fund

The Debt Service Fund is used to accumulate resources for, and the payment of, 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 proceeds from the Ohio Public Works Commission for culvert replacement on Briarwood Road.

4. Capital Project Funds

The Capital Project Funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Project Fund:

Service Area Purchase Fund - This fund receives money from a lease agreement with Sprint-Com which is used for improvements and maintenance of the salt storage garage.

5. Fiduciary Funds (Trust)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Rising Valley Bequest Fund - Bequest to be used for improvements to Rising Valley Park.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

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

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

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>1999</u>	<u>1998</u>
Demand deposits	(\$69,856)	(\$1,669)
Certificates of deposit	<u>114,688</u>	<u>114,169</u>
Total deposits	44,832	112,500
Repurchase Agreement	<u>825,000</u>	<u>555,000</u>
Total deposits and investments	<u><u>\$869,832</u></u>	<u><u>\$667,500</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township.

Investments: The financial institution maintains records identifying the Township as owner of these securities.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$350,436	\$503,149	\$152,713
Special Revenue	793,688	756,829	(36,859)
Debt Service	675	675	0
Capital Projects	404,288	67,000	(337,288)
Fiduciary	9,000	10,506	1,506
Total	\$1,558,087	\$1,338,159	(\$219,928)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$712,751	\$431,049	\$281,702
Special Revenue	940,835	668,234	272,601
Debt Service	675	675	0
Capital Projects	416,477	23,382	393,095
Fiduciary	125,669	12,487	113,182
Total	\$2,196,407	\$1,135,827	\$1,060,580

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$314,513	\$486,085	\$171,572
Special Revenue	738,283	726,275	(12,008)
Debt Service	28,862	26,862	(2,000)
Capital Projects	491,568	66,708	(424,860)
Fiduciary	4,000	4,743	743
Total	\$1,577,226	\$1,310,673	(\$266,553)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$544,401	\$350,637	\$193,764
Special Revenue	799,009	627,694	171,315
Debt Service	26,862	26,862	0
Capital Projects	506,485	55,435	451,050
Fiduciary	115,928	0	115,928
Total	\$1,992,685	\$1,060,628	\$932,057

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. NONCOMPLIANCE

The Township invested in repurchase agreements without the Clerk attending the required continuing education courses, contrary to Ohio Rev. Code Section 135.22.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

6. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$11,811	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 Loan is an interest free loan.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	Briarwood Road Culvert Replacement Project
2000	\$675
2001	675
2002	675
2003	675
2004	675
Subsequent	8,436
Total	\$11,811

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. RETIREMENT SYSTEM

The Township's law enforcement officers and other employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a 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 also prescribed by the Ohio Revised Code. For 1999 and 1998, the Township's law enforcement officers contributed 9% and other employees 8.5% of their gross salaries. The Township contributed an amount equal to 16.70% and 13.55% of participants' gross salaries respectively. The Township has paid all contributions required through December 31, 1999.

8. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

9. CONTINGENT LIABILITIES

The Township is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Township's financial condition.

10. SUBSEQUENT EVENT

On May 25, 2000, the Summit County Common Pleas Court ordered Summit County Council to redraw the boundaries of the Township to exclude the Village of Richfield. The order to redraw the Township borders is in response to a law suit filed by Township landowners.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Richfield Township
Summit County
4410 W. Streetsboro Road
P. O. Box 191
Richfield, Ohio 44286

To the Board of Trustees:

We have audited the accompanying financial statements of Richfield Township, Summit County, Ohio (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 26, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 1999-40977-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 26, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 26, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

Jim Petro
Auditor of State

May 26, 2000

**Schedule of Findings
December 31, 1999 and 1998**

Finding Number	1999-40977-001
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Ohio Rev. Code Section 135.22 requires the Clerk to complete annual continuing education programs provided by the Treasurer of State. Without such training, the Clerk is limited to investments in interim deposits and STAR Ohio.

The Clerk did not attend and/or complete any annual continuing education programs provided by the Treasurer of State during 1999 or 1998 and still invested funds in repurchase agreements, and at year end, approximately 95% and 83%, respectively, of the Township's funds were invested in repurchase agreements.

During 1999, the Clerk applied for and received an exemption from the Treasurer of State. However, investments in repurchase agreements are not within the scope of the exemption. The fiscal officer must complete investment training prior to investing in repurchase agreements.

The Clerk should either attend the required continuing education programs or limit the Township's investments to those permitted by law without training. Township Trustees should monitor the Township Clerk to ensure the Township Clerk completes the annual continuing education programs as required by Ohio Rev. Code Section 135.22.



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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 20, 2000