



**Auditor of State**  
**Betty Montgomery**



**RICHFIELD TOWNSHIP  
SUMMIT COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Richfield Township  
Summit County  
4410 West 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 period August 13, 2003 through December 31, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

As described 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 of Richfield Township, Summit County, Ohio, as of the period August 13, 2003 through December 31, 2003, and its combined cash receipts and disbursements for the period 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 10, 2004, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Richfield Township  
Summit County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the management, Board of Trustees and other officials authorized to receive this report under Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 10, 2004

RICHFIELD TOWNSHIP  
SUMMIT COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE PERIOD AUGUST 13, 2003 TO DECEMBER 31, 2003**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Local Taxes	\$182,527	\$185,282				\$367,809
Intergovernmental	164,194	55,778				219,972
Licenses, Permits, and Fees		8,535				8,535
Fines, Forfeitures, and Penalties	1,673					1,673
Earnings on Investments	1,406	63			\$271	1,740
Other Revenue	15,815	1,190		\$4,600		21,605
<b>Total Cash Receipts</b>	<b>365,615</b>	<b>250,848</b>		<b>4,600</b>	<b>271</b>	<b>621,334</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	160,366					160,366
Public Safety		211,440				211,440
Public Works	29,752	114,862				144,614
Health	16,423					16,423
Conservation - Recreation	2					2
Debt Service:						
Redemption of Principal			\$337			337
<b>Total Cash Disbursements</b>	<b>206,543</b>	<b>326,302</b>	<b>337</b>			<b>533,182</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>159,072</b>	<b>(75,454)</b>	<b>(337)</b>	<b>4,600</b>	<b>271</b>	<b>88,152</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Other Sources	1,572					1,572
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>1,572</b>					<b>1,572</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	160,644	(75,454)	(337)	4,600	271	89,724
Fund Cash Balances, August 13	26,469	181,421	(338)	74,863	68,307	350,722
<b>Fund Cash Balances, December 31</b>	<b>\$187,114</b>	<b>\$105,967</b>	<b>(\$675)</b>	<b>\$79,463</b>	<b>\$68,578</b>	<b>\$440,446</b>

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

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**RICHFIELD TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 13, 2003 TO DECEMBER 31, 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Richfield Township, Summit County, (the Township) is a body corporate and politic established, as of August 13, 2003, pursuant to Case No. CV-1999-07-2672, wherein the Summit County Court of Common Pleas newly formed the Township, to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Per the Court of Common Pleas, the Township was required to transfer assets, in the form of land and buildings to the Village of Richfield, but assumed possession of all cash and debt of the old Township. The Township is directed by an appointed three-member Board of Trustees. The Township provides 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 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**

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.

Overnight repurchase agreements are valued at cost.

**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.

**RICHFIELD TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 13, 2003 TO DECEMBER 31, 2003  
(Continued)**

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

**D. Fund Accounting (Continued)**

**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 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.

**3. 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.

**4. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township has the following significant Capital Project Funds:

*Roads Capital Equipment* - This fund is used to purchase road equipment.

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

*Service Area Improvement* - This fund is used to account for costs incurred to maintain and improve the Township's service area upon which salt and storage sheds are located.

**5. Fiduciary Fund (Expendable Trust Fund)**

This fund is used to account for resources restricted by a legally binding trust agreement. The Township has the following Expendable Trust Fund:

*Rising Valley Bequest Fund* - This fund is used to account for bequests for improvements to Rising Valley Park.

**RICHFIELD TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 13, 2003 TO DECEMBER 31, 2003  
(Continued)**

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

**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 legal level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the appropriation measure 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 unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of the August 13, 2003 to December 31, 2003 budgetary activity appears in Note 3.

**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 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:

**RICHFIELD TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 13, 2003 TO DECEMBER 31, 2003  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

Demand deposits	(\$29,554)
Repurchase agreement	<u>470,000</u>
 Total deposits and investments	 <u><u>\$440,446</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

The negative demand deposit balance is covered by resources that are available through the overnight repurchase agreement.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the period August 13, 2003 to December 31, 2003 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$742,128	\$367,187	(\$374,941)
Special Revenue	774,707	250,848	(523,859)
Debt Service	675	0	(675)
Capital Projects	12,000	4,600	(7,400)
Fiduciary	<u>1,000</u>	<u>271</u>	<u>(729)</u>
Total	<u><u>\$1,530,510</u></u>	<u><u>\$622,906</u></u>	<u><u>(\$907,604)</u></u>

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,083,629	\$206,543	\$877,086
Special Revenue	824,282	326,302	497,980
Debt Service	675	337	338
Capital Projects	78,599	0	78,599
Fiduciary	<u>68,609</u>	<u>0</u>	<u>68,609</u>
Total	<u><u>\$2,055,794</u></u>	<u><u>\$533,182</u></u>	<u><u>\$1,522,612</u></u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

**RICHFIELD TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 13, 2003 TO DECEMBER 31, 2003  
(Continued)**

**4. PROPERTY TAX (Continued)**

Public utilities are also taxed on personal and real property located within the Township.

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.

**5. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$9,111	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. The responsibility for repayment of this loan was assumed by the new Township from the former Richfield Township, which was dissolved on August 12, 2003.

Amortization of the above debt is scheduled as follows:

	Ohio Public Works Commission Loan
Year ending December 31:	
2004	\$675
2005	675
2006	675
2007	675
2008	675
Thereafter	5,736
Total	\$9,111

**6. RETIREMENT SYSTEM**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2003, OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003. The Township has paid all contributions required through December 31, 2003.

**RICHFIELD TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 13, 2003 TO DECEMBER 31, 2003  
(Continued)**

**7. RISK MANAGEMENT**

**Commercial Insurance**

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.

**8. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State  
Betty Montgomery**

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

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

To the Board of Trustees:

We have audited the financial statements of Richfield Township, Summit County, Ohio, (the Township) as of and for the period August 13, 2003 through December 31, 2003, and have issued our report thereon dated May 10, 2004. 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.

**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 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*. However, we noted immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated May 10, 2004.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 certain 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 10, 2004.

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This report is intended for the information and use of the management and 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 10, 2004



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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Columbus, Ohio 43216-1140  
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800-282-0370  
Facsimile 614-466-4490

**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  
AUGUST 5, 2004**