



**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental and Expendable Trust Fund Types For the Year Ended December 31, 2000	3
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required By <i>Government Auditing Standards</i>	11
Schedule of Findings	13
Schedule of Prior Audit Findings	14

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Richfield Township, Summit County, (the Township) as of and for the year ended December 31, 2000. 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 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, 2000, and its combined cash receipts and cash disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2001 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.

This report is intended solely for the information and use of management, 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.

Jim Petro
Auditor of State

June 8, 2001

RICHFIELD TOWNSHIP
SUMMIT COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND EXPENDABLE TRUST FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$169,793	\$535,819	\$675	\$0	\$0	\$706,287
Intergovernmental	557,371	120,846		121,073		799,290
Charges for Services	53,657					53,657
Licenses, Permits, and Fees		18,269				18,269
Fines, Forfeitures, and Penalties	3,009	283				3,292
Earnings on Investments	48,321	2,277			7,009	57,607
Other	56,438	33,106		11,000		100,544
Total Cash Receipts	888,589	710,600	675	132,073	7,009	1,738,946
Cash Disbursements:						
Current:						
General Government	352,465	23,902		121,135		497,502
Public Safety	2,372	529,230				531,602
Public Works	75,951	119,850				195,801
Health	29,485					29,485
Human Services	19,029					19,029
Capital Outlay	72,055	55,266		78,147	3,571	209,039
Debt Service:						
Redemption of Principal			675			675
Total Cash Disbursements	551,357	728,248	675	199,282	3,571	1,483,133
Total Cash Receipts Over/(Under) Cash Disbursements	337,232	(17,648)	0	(67,209)	3,438	255,813
Other Financing Receipts/(Disbursements):						
Transfers-In				55,000		55,000
Transfers-Out	(55,000)					(55,000)
Total Other Financing Receipts/(Disbursements)	(55,000)	0	0	55,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	282,232	(17,648)	0	(12,209)	3,438	255,813
Fund Cash Balances, January 1	441,435	257,902	0	55,808	114,688	869,833
Fund Cash Balances, December 31	\$723,667	\$240,254	\$0	\$43,599	\$118,126	\$1,125,646
Reserves for Encumbrances, December 31	\$47,221	\$8,000	\$0	\$0	\$0	\$55,221

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

This page intentionally left blank.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

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, 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 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 and the investment in the overnight repurchase agreement 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.

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 - This fund receives money from a special tax levy to fund the Township's Police Department.

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.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund accounting (Continued)

3. Debt Service Fund

The Debt Service Fund are 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 Projects Fund

The Capital Projects Fund are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following Capital Projects 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 Fund (Expendable Trust Fund)

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

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

E. Budgetary process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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.

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.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary process (Continued)

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 2000 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. 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>2000</u>
Demand deposits	(\$91,052)
Certificates of deposits	<u>116,698</u>
Total deposits	<u>25,646</u>
Repurchase agreement	<u>1,100,000</u>
Total deposits and investments	<u><u>\$1,125,646</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 by the overnight repurchase agreement.

Investments:

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

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$390,093	\$890,866	\$500,773
Special Revenue	752,438	708,323	(44,115)
Debt Service	2,858	675	(2,183)
Capital Projects	67,000	187,073	120,073
Expendable Trust	<u>6,000</u>	<u>7,009</u>	<u>1,009</u>
Total	<u>\$1,218,389</u>	<u>\$1,793,946</u>	<u>\$575,557</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$801,964	\$653,578	\$148,386
Special Revenue	1,047,090	736,248	310,842
Debt Service	675	675	0
Capital Projects	545,118	199,282	345,836
Expendable Trust	<u>120,688</u>	<u>3,571</u>	<u>117,117</u>
Total	<u>\$2,515,535</u>	<u>\$1,593,354</u>	<u>\$922,181</u>

4. NONCOMPLIANCE

Contrary to Ohio Rev. Code Section 5705.41(D) the Township did not certify certain expenditures prior to commitment.

5. 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.

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

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

5. PROPERTY TAX (Continued)

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, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$11,136	0.00%

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:

<u>Year ending December 31:</u>	1998 <u>Ohio Public Works Commission Loan</u>
2001	\$675
2002	675
2003	675
2004	675
2005	675
Subsequent	<u>\$7,761</u>
Total	<u>\$11,136</u>

7. RETIREMENT SYSTEM

The Township's law enforcement staff and other employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is 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 2000, the Township's law enforcement officers contributed 9% and other employees 8.5% of their gross salaries. The Township contributed an amount equal to 16.7% and 10.84% fo participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

8. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

9. SUBSEQUENT EVENTS

On April 21, 1998, Citizens for a Choice, a group of township residents, presented petitions to Summit County Council requesting to secede from Village of Richfield. County Council voted to deny the petitions on June 7, 1999 because several of the signers asked to have their names removed from the petition rendering them invalid. The Citizens for a Choice and the Village of Richfield filed an administrative appeal to Summit County Common Pleas Court, which ruled in the groups favor, indicating the petitions were valid. Summit County Council appealed the Common Pleas Court ruling to the 9th District Court of Appeals. During May 2001, the appellate court upheld the common pleas court ruling. In June 2001, Summit County Council appealed to the Ohio Supreme Court in an effort to over turn the 9th District Court of Appeals.

The Township Clerk resigned effective March 30, 2001. A new Clerk was appointed on April 1, 2001.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

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

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

To the Board of Trustees:

We have audited the financial statements of Richfield Township, Summit County, (the Township) as of and for the year ended December 31, 2000 and have issued our report thereon dated June 8, 2001. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-40977-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 8, 2001.

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 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 June 8, 2001.

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.

Jim Petro
Auditor of State

June 8, 2001

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000**

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

FINDING NUMBER 2000-40977-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000 may be paid by the Township Clerk without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

During 2000, \$138,763 of the expenditures tested were not certified by the Township Clerk prior to commitment. It was also found that none of the exceptions above were utilized for items found to be in non-compliance. The Township should inform all Township employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Township should implement the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41. However, such certifications should only be used for recurring and reasonably predictable matters or emergency matters which may arise from time to time.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
1999-40977-001	ORC Section 135.22, clerk did not attend investment continuing ed courses	Yes, clerk attended training in 2000.	Finding no longer valid



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
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
JULY 17, 2001**