



**CHAGRIN FALLS TOWNSHIP  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Fund Types – For the Year Ended December 31, 1999 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Fund Types – For the Year Ended December 31, 1998 .....	4
Notes to the Financial Statements .....	5
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings .....	11

**This Page Intentionally Left Blank**



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Lausche Bldg  
615 W Superior Ave  
Floor 12  
Cleveland OH 44113 - 1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

Chagrin Falls Township  
Cuyahoga County  
83 North Main Street  
Chagrin Falls, Ohio 44022

To the Board of Trustees:

We have audited the accompanying financial statements of Chagrin Falls Township, Cuyahoga County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 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 Chagrin Falls Township, Cuyahoga County, Ohio, as of December 31, 1999 and December 31, 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 March 20, 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, the Board 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

March 20, 2000



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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$51,177	\$5,585	\$56,762
Intergovernmental	8,263	51,921	60,184
Licenses, Permits, and Fees	100	0	100
Earnings on Investments	10,340	3,046	13,386
Other Revenue	12,930	0	12,930
	<u>82,810</u>	<u>60,552</u>	<u>143,362</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	35,848	0	35,848
Public Safety	9,694	4,449	14,143
Public Works	6,535	64,425	70,960
Health	491	0	491
	<u>52,568</u>	<u>68,874</u>	<u>121,442</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>30,242</u>	<u>(8,322)</u>	<u>21,920</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Advances -In	15,000	15,000	30,000
Advances -Out	(15,000)	(15,000)	(30,000)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	30,242	(8,322)	21,920
Fund Cash Balances, January 1, 1999	<u>213,981</u>	<u>79,843</u>	<u>293,824</u>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u>\$244,223</u></b>	<b><u>\$71,521</u></b>	<b><u>\$315,744</u></b>
Reserve for Encumbrances, December 31, 1999	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

*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 - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$49,237	\$5,775	\$55,012
Intergovernmental	8,143	50,084	58,227
Licenses, Permits, and Fees	50	0	50
Earnings on Investments	8,348	2,841	11,189
Other Revenue	16,816	0	16,816
	<u>82,594</u>	<u>58,700</u>	<u>141,294</u>
<b>Total Cash Receipts</b>			
	<u>82,594</u>	<u>58,700</u>	<u>141,294</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	41,223	0	41,223
Public Safety	9,957	4,445	14,402
Public Works	6,077	41,424	47,501
Health	470	0	470
	<u>57,727</u>	<u>45,869</u>	<u>103,596</u>
<b>Total Cash Disbursements</b>			
	<u>57,727</u>	<u>45,869</u>	<u>103,596</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>24,867</u>	<u>12,831</u>	<u>37,698</u>
<b>Fund Cash Balances, January 1, 1998</b>	<u>189,114</u>	<u>67,012</u>	<u>256,126</u>
<b>Fund Cash Balances, December 31, 1998</b>	<u><b>\$213,981</b></u>	<u><b>\$79,843</b></u>	<u><b>\$293,824</b></u>
<b>Reserve for Encumbrances, December 31, 1998</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

*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**

Chagrin Falls Township, Cuyahoga County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services. The Township contracts with the Village of Chagrin Falls for water and sewer utilities, as well as, police, fire and emergency medical services for security of persons and property.

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**

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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 Fund:

Gasoline Tax Fund - This fund receives gasoline tax money and, per an agreement, the Township pays the Village of Chagrin Falls a sum of money equal to all of its receipts from gasoline tax revenues in consideration of snow plowing and road maintenance services performed by the Village under the terms of the agreement.

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

**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 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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investments 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	\$ 42,796	\$ 96,880
Certificates of deposit	0	196,944
Total deposits	42,796	293,824
STAR Ohio	272,948	0
Total investments	272,948	0
Total deposits and investments	\$ 315,744	\$ 293,824

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

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

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$129,627	\$82,810	(\$46,817)
Special Revenue	61,734	60,552	(1,182)
Total	\$191,361	\$143,362	(\$47,999)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$83,350	\$52,568	\$30,782
Special Revenue	56,900	68,874	(11,974)
Total	\$140,250	\$121,442	\$18,808

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,325	\$82,594	\$12,269
Special Revenue	55,523	58,700	3,177
Total	\$125,848	\$141,294	\$15,446

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$67,650	\$57,727	\$9,923
Special Revenue	51,900	45,869	6,031
Total	\$119,550	\$103,596	\$15,954

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

**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 payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property with 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. RETIREMENT SYSTEMS**

The Township Clerk belongs 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 1998 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of regular participants' gross salaries. The Township has paid all contributions required through December 31, 1999. Township Trustees pay into social security.

**6. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Lausche Bldg  
615 W Superior Ave  
Floor 12  
Cleveland OH 44113 - 1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
www.auditor.state.oh.us

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

Chagrin Falls Township  
Cuyahoga County  
83 North Main Street  
Chagrin Falls, Ohio 44022

To the Board of Trustees:

We have audited the financial statements of Chagrin Falls Township, Cuyahoga County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 20, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-40818-001 and 1999-40818-002.

We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated March 20, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated March 20, 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.

**Jim Petro**  
Auditor of State

March 20, 2000

**SCHEDULE OF FINDINGS  
AS OF DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

<b>Finding Number</b>	<b>1999-40818-001</b>
-----------------------	-----------------------

**Finding Repaid Under Audit**

One township trustee received compensation for work performed during 1999, in excess of the amount allowed pursuant to Ohio Rev. Code Section 505.24.

H.B. 408 was signed on February 7, 1996 and its provisions made changes to Ohio Rev. Code Section 505.24. The provisions of H.B. 408 took effect on May 8, 1996 and they specifically increased the amount of compensation that a trustee may receive. However, Ohio Constitution Article II, Section 20 generally prohibits public officials from receiving increases in compensation in the middle of a term of office. Thus, the only township officials eligible to receive the salary increase are those who have begun a term of office after May 8, 1996, the effective date of the Bill.

Craig E. Roeper, Trustee, commenced his term of office on January 1, 1996. The Trustee was paid under the terms of the new compensation of Trustees schedule listed in Ohio Rev. Code Section 505.24. However, since the Trustee commenced his term prior to May 8, 1996, he should have been compensated under the old schedule. The new schedule allowed for the Trustees to be paid at a rate of \$33 per day for not more than two hundred days. The old schedule allowed for the Trustees to be paid at a rate of \$30 per day for not more than two hundred days. Mr. Roeper was compensated for sixty-five days, each at a rate of \$33 per day. Mr. Roeper was over paid by \$195. The Township Clerk authorized the compensation payments to the Trustee.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for monies illegally expended is hereby issued against, Craig E. Roeper, Trustee, and his bonding company, the Old Republic Insurance Company, and Elizabeth Boles, Clerk, and her bonding company, the Old Republic Insurance Company, jointly and severally, in the amount of \$195 and in the favor of the Chagrin Falls Townships General Fund.

On March 16, 2000, Mr. Roeper made a payment to the Township in the amount of \$195; the amount was deposited on March 16, 2000, and posted to the Township General Fund.

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

<b>Finding Number</b>	<b>1999-40818-002</b>
-----------------------	-----------------------

Ohio Rev. Code Section 5705.41 (B) prohibits any expenditure of money unless it has been appropriated. As of December 31, 1999, the Gas Tax Fund had expenditures in excess of appropriations by \$12,625 which represents 24% of the Fund's approved appropriations.

We recommend the Township compare appropriations to expenditures in all funds which are legally required to be budgeted, at the legal level of control, to ensure compliance with the above requirements. This comparison should be performed on a monthly basis at a minimum.







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

**CHAGRIN FALLS TOWNSHIP**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 4, 2000**