



**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 August 12, 2003 and for the final period January 1, 2003 through August 12, 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 and reserves for encumbrances of Richfield Township, Summit County, Ohio, as of August 12, 2003, and its combined cash receipts and disbursements for the final period January 1, 2003 through August 12, 2003 on the basis of accounting described in Note 1.

As described in Note 9, the Township has been dissolved and a new Township will be formed.

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
Page 2

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 JANUARY 1, 2003 TO AUGUST 12, 2003**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$76,686	\$413,200			\$489,886
Intergovernmental	97,393	86,558			183,951
Licenses, Permits, and Fees		8,991			8,991
Fines, Forfeitures, and Penalties	1,887				1,887
Earnings on Investments	1,968	89			2,437
Other Revenue	39,594	1,722		\$8,150	49,466
Total Cash Receipts	217,528	510,560		8,150	736,618
Cash Disbursements:					
Current:					
General Government	297,360	7,734			305,094
Public Safety		380,525			380,525
Public Works	92,280	94,736			187,016
Health	16,423				16,423
Contract Services		9,325			9,325
Conservation - Recreation	4,422				4,422
Debt Service:					
Redemption of Principal			\$338		338
Total Cash Disbursements	410,485	492,320	338		903,143
Total Receipts Over/(Under) Disbursements	(192,957)	18,240	(338)	8,150	380
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(192,957)	18,240	(338)	8,150	380
Fund Cash Balances, January 1	219,426	163,181		66,713	67,927
Fund Cash Balances, August 12	\$26,469	\$181,421	(\$338)	\$74,863	\$68,307
Reserves for Encumbrances, August 12	\$142,271	\$105,767	\$0	\$10,000	\$0

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
JANUARY 1 TO AUGUST 12, 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, 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 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. However, as of August 12, 2003, pursuant to Case No. CV-1999-07-2672, the Summit County Court of Common Pleas dissolved the Township.

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
JANUARY 1 TO AUGUST 12, 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
JANUARY 1 TO AUGUST 12, 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 January 1, 2003 to August 12, 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 August 12 was as follows:

Demand deposits	(\$159,278)
Repurchase agreement	<u>510,000</u>
Total deposits and investments	<u><u>\$350,722</u></u>

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

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JANUARY 1 TO AUGUST 12, 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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 January 1, 2003 to August 12, 2003 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$742,128	\$217,528	(\$524,600)
Special Revenue	774,707	510,560	(264,147)
Debt Service	675	0	(675)
Capital Projects	12,000	8,150	(3,850)
Expendable Trust	1,000	380	(620)
Total	\$1,530,510	\$736,618	(\$793,892)

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,083,629	\$552,756	\$530,873
Special Revenue	824,282	598,087	226,195
Debt Service	675	338	337
Capital Projects	78,599	10,000	68,599
Expendable Trust	68,609	0	68,609
Total	\$2,055,794	\$1,161,181	\$894,613

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.

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.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JANUARY 1 TO AUGUST 12, 2003
(Continued)**

5. DEBT

Debt outstanding at August 12, 2003 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$9,448	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:

	Ohio Public Works Commission Loan
Year ending December 31:	
2003	\$337
2004	675
2005	675
2006	675
2007	675
Thereafter	6,411
Total	\$9,448

The debt is being passed on and will be assumed by the new Township.

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 the period January 1, 2003 to August 12, 2003, OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for this period. The Township has paid all contributions required through August 12, 2003.

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.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JANUARY 1 TO AUGUST 12, 2003
(Continued)**

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.

9. DISSOLUTION OF TOWNSHIP

On February 7, 2003, the Summit County Court of Common Pleas (Case No. CV 2002-02-0980) granted the defendant's motion to dismiss Richfield Township's (the "Township") Complaint for declaratory judgment. In its decision, the Court determined "that Richfield Township lacks standing to challenge the action at issue by its citizens. The Township, likewise, lacks the authority to expend funds to oppose any such action by its citizens." (Judgment Order, p.1). At the same time, in a related case, the Summit County Court of Common Pleas (Case No. CV-1999-07-2672), denied the Township's Motion to Vacate and stated, in part, "Thus, the Court finds that the Township lacks standing in this matter and as such, lacks authority to spend township funds to oppose landowners of the township; as a result the Township is not a necessary party to the original action. Thus this Court had jurisdiction to render declaratory judgment." (Judgment Order p. 9).

As a result of these judgments, the separation of the Township from the Village of Richfield will go forward, such that the new township will be formed and the old one will cease to exist as of midnight on August 12, 2003. Per the Court of Common Pleas, the Township is required to transfer assets, in the form of land and buildings to the Village of Richfield, while the new Township will assume possession of all its cash and debt. Summit County will apportion the shared assets between the Village of Richfield and the new township, and appoint all officials for the newly-formed township.



**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 August 12, 2003 and for the final period January 1, 2003 through August 12, 2003, and have issued our report thereon dated May 10, 2004 wherein we noted the Township has been dissolved and a new Township will be formed. 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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Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
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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

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JANUARY 1, 2003 TO AUGUST 12, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	Ohio Rev. Code Section 5705.41(D) – Failure to certify funds.	No	Partially Corrected.
2002-002	Ohio Rev. Code Section 5705.41(D) – Failure to close Blanket Certificates after three months.	Yes	



**Auditor of State
Betty Montgomery**

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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
AUGUST 5, 2004**