



**RICHLAND TOWNSHIP
CLINTON 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

Richland Township
Clinton County
21 Hornbeam Road
Sabina, Ohio 45169

To the Board of Trustees:

We have audited the accompanying financial statements of Richland Township, Clinton 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 audit.

We conducted our audit 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 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, 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 March 2, 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 the audit committee, 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 2, 2000

**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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$26,025	\$51,570	\$0	\$77,595
Intergovernmental	54,458	78,973		133,431
Licenses, Permits, and Fees	9,395			9,395
Earnings on Investments	5,606	4,680	2,695	12,981
Other Revenue	31,433	8,980	5,000	45,413
Total Cash Receipts	<u>126,917</u>	<u>144,203</u>	<u>7,695</u>	<u>278,815</u>
Cash Disbursements:				
Current:				
General Government	48,431			48,431
Public Works	6,212	146,107		152,319
Health	775	15		790
Conservation - Recreation	1,347			1,347
Capital Outlay	28,072	4,730		32,802
Total Cash Disbursements	<u>84,837</u>	<u>150,852</u>	<u>0</u>	<u>235,689</u>
Total Receipts Over/(Under) Disbursements	<u>42,080</u>	<u>(6,649)</u>	<u>7,695</u>	<u>43,126</u>
Fund Cash Balances, January 1	<u>58,795</u>	<u>114,564</u>	<u>103,320</u>	<u>276,679</u>
Fund Cash Balances, December 31	<u>\$100,875</u>	<u>\$107,915</u>	<u>\$111,015</u>	<u>\$319,805</u>
Reserve for Encumbrances, December 31	<u>\$21,108</u>	<u>\$0</u>	<u>\$0</u>	<u>\$21,108</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
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$24,075	\$47,948	\$0	\$0	\$72,023
Intergovernmental	28,805	61,592	90,684		181,081
Licenses, Permits, and Fees	7,600				7,600
Earnings on Investments	4,967	4,822		1,922	11,711
Other Revenue	11,047	8,076		5,000	24,123
Total Cash Receipts	<u>76,494</u>	<u>122,438</u>	<u>90,684</u>	<u>6,922</u>	<u>296,538</u>
Cash Disbursements:					
Current:					
General Government	58,580				58,580
Public Works	5,264	100,370			105,634
Health	9,965	96			10,061
Conservation - Recreation	250				250
Capital Outlay	14,203	8,576	90,684		113,463
Total Cash Disbursements	<u>88,262</u>	<u>109,042</u>	<u>90,684</u>	<u>0</u>	<u>287,988</u>
Total Receipts Over/(Under) Disbursements	<u>(11,768)</u>	<u>13,396</u>	<u>0</u>	<u>6,922</u>	<u>8,550</u>
Other Financing Receipts/(Disbursements):					
Advances-In	1,500	1,500			3,000
Advances-Out	(1,500)	(1,500)			(3,000)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(11,768)</u>	<u>13,396</u>	<u>0</u>	<u>6,922</u>	<u>8,550</u>
Fund Cash Balances, January 1	<u>70,563</u>	<u>101,168</u>	<u>0</u>	<u>96,398</u>	<u>268,129</u>
Fund Cash Balances, December 31	<u>\$58,795</u>	<u>\$114,564</u>	<u>\$0</u>	<u>\$103,320</u>	<u>\$276,679</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

Richland Township, Clinton 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'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 Township funds are deposited in a Now checking account with a local commercial bank. The Repurchase Agreement and Money Market Mutual Fund are valued at cost.

Investments are reported as assets. 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:

Motor Vehicle License Tax Fund - Receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Cemetery Fund - Receives proceeds from the sale of cemetery lots for maintaining Township cemeteries.

3. Capital Project 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 had the following significant capital project funds:

Issue II Fund - The Township received a grant from the State of Ohio to replace a culvert on Reed Road.

5. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements.

Nonexpendable Trust Funds - Used to account for funds bequested to the Township for cemetery care.

Expendable Trust Funds - Used to account for funds bequested to the Township for cemetery care.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain Nonexpendable Trust Funds) 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 re-appropriated.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	1999	1998
Demand deposit	<u>(\$9,358)</u>	<u>\$29,758</u>
Total deposits	(9,358)	29,758
Repurchase Agreement	299,848	225,299
Money Market Mutual Fund	<u>29,315</u>	<u>21,622</u>
Total investments	<u>329,163</u>	<u>246,921</u>
Total deposits and investments	<u><u>\$319,805</u></u>	<u><u>\$276,679</u></u>

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

Investments: The Township invests principal and interest from a cemetery trust in U.S. government obligations and mutual funds as requested by the donor.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,769	\$126,917	\$26,148
Special Revenue	123,201	144,203	21,002
Fiduciary	<u>5,700</u>	<u>7,695</u>	<u>1,995</u>
Total	<u><u>\$229,670</u></u>	<u><u>\$278,815</u></u>	<u><u>\$49,145</u></u>

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$159,565	\$105,945	\$53,620
Special Revenue	237,765	150,852	86,913
Fiduciary	104,017	0	104,017
Total	<u>\$501,347</u>	<u>\$256,797</u>	<u>\$244,550</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$64,869	\$76,494	\$11,625
Special Revenue	110,691	122,438	11,747
Capital Projects	90,684	90,684	0
Fiduciary	700	6,922	6,222
Total	<u>\$266,944</u>	<u>\$296,538</u>	<u>\$29,594</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$135,432	\$88,262	\$47,170
Special Revenue	211,858	109,042	102,816
Capital Projects	90,684	90,684	0
Fiduciary	96,748	0	96,748
Total	<u>\$534,722</u>	<u>\$287,988</u>	<u>\$246,734</u>

4. 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 payment, 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.

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

5. RETIREMENT SYSTEMS

The Township's officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement 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, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township is a member of the Ohio Municipal League 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
- Vehicle

The Township also provides life insurance through a private carrier for the eligible elected officials and employees who desire coverage.

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

Richland Township
Clinton County
21 Hornbeam Road
Sabina, Ohio 45169

To the Board of Trustees:

We have audited the accompanying financial statements of Richland Township, Clinton County, Ohio (the Township), as of and for the years ended 1999 and 1998, and have issued our report thereon dated March 2, 2000. We conducted our audit 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 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 an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 2, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, 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.

This report is intended for the information and use of the audit committee, 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 2, 2000



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RICHLAND TOWNSHIP

CLINTON 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
APRIL 11, 2000**