



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Richfield Township
Lucas County
3951 Washburn Road
Berkey, Ohio 43504-9722

To the Board of Trustees:

We have audited the accompanying financial statements of Richfield Township (the Township) as of and for the years ended December 31, 2001 and 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 audits.

We conducted our audits 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 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 the Township as of December 31, 2001 and 2000, 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 May 9, 2002 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 audits.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 9, 2002

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$81,516	\$75,138	\$45,757	\$202,411
Intergovernmental	52,803	67,866	5,593	126,262
Charges for Services	1,000	1,583		2,583
Licenses, Permits, and Fees	1,100	1,442		2,542
Earnings on Investments	16,766	4,809		21,575
Other Revenue	750	600		1,350
	<u>153,935</u>	<u>151,438</u>	<u>51,350</u>	<u>356,723</u>
Cash Disbursements:				
Current:				
General Government	81,623			81,623
Public Safety		48,807		48,807
Public Works	20,915	69,292		90,207
Health	5,437	3,617		9,054
Debt Service:				
Redemption of Principal			29,866	29,866
Interest and Fiscal Charges			2,627	2,627
Capital Outlay	199	14,759		14,958
	<u>108,174</u>	<u>136,475</u>	<u>32,493</u>	<u>277,142</u>
Total Cash Disbursements				
	<u>108,174</u>	<u>136,475</u>	<u>32,493</u>	<u>277,142</u>
Total Receipts Over/(Under) Disbursements	<u>45,761</u>	<u>14,963</u>	<u>18,857</u>	<u>79,581</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		2,000		2,000
Transfers-Out	(2,000)			(2,000)
Other Sources	1,905			1,905
	<u>(95)</u>	<u>2,000</u>		<u>1,905</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(95)</u>	<u>2,000</u>		<u>1,905</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	45,666	16,963	18,857	81,486
Fund Cash Balances, January 1	264,888	213,827	33,036	511,751
Fund Cash Balances, December 31	<u>\$310,554</u>	<u>\$230,790</u>	<u>\$51,893</u>	<u>\$593,237</u>
Reserve for Encumbrances, December 31	<u>\$144</u>	<u>\$6</u>		<u>\$150</u>

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

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$61,182	\$70,825	\$46,814	\$178,821
Intergovernmental	119,455	70,528	3,866	193,849
Charges for Services	800	1,582		2,382
Licenses, Permits, and Fees	1,725	2,255		3,980
Fines, Forfeitures, and Penalties	46			46
Earnings on Investments	5,971	1,880		7,851
Other Revenue	14,615	3,243		17,858
	<u>203,794</u>	<u>150,313</u>	<u>50,680</u>	<u>404,787</u>
Cash Disbursements:				
Current:				
General Government	84,032			84,032
Public Safety		43,199		43,199
Public Works	18,952	59,808		78,760
Health	5,236	4,839		10,075
Debt Service:				
Redemption of Principal			29,866	29,866
Interest and Fiscal Charges			4,182	4,182
Capital Outlay	1,345	123,863		125,208
	<u>109,565</u>	<u>231,709</u>	<u>34,048</u>	<u>375,322</u>
Total Receipts Over/(Under) Disbursements	<u>94,229</u>	<u>(81,396)</u>	<u>16,632</u>	<u>29,465</u>
Other Financing Receipts:				
Sale of Fixed Assets	8,494			8,494
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	102,723	(81,396)	16,632	37,959
Fund Cash Balances, January 1	162,165	295,223	16,404	473,792
Fund Cash Balances, December 31	<u>\$264,888</u>	<u>\$213,827</u>	<u>\$33,036</u>	<u>\$511,751</u>
Reserve for Encumbrances, December 31	<u>\$540</u>	<u>\$712</u>		<u>\$1,252</u>

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

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Richfield Township, Lucas 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

Money market mutual funds (including STAR Ohio) are recorded at share values as reported by the mutual funds.

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:

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

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

Fire District Fund - This fund receives taxes from a special levy for Township fire protection.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement Fund - This fund is used to accumulate resources for the payment of bonds and note indebtedness.

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 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 2001 and 2000 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:

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

	2001	2000
Demand deposits	\$29,682	\$29,321
STAR Ohio	258,966	
Money Market Mutual Funds	304,589	482,430
Total investments	563,555	482,430
Total deposits and investments	\$593,237	\$511,751

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and money market mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,335	\$155,840	\$52,505
Special Revenue	140,476	153,438	12,962
Debt Service	56,800	51,350	(5,450)
Total	\$300,611	\$360,628	\$60,017

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$367,493	\$110,318	\$257,175
Special Revenue	354,582	136,481	218,101
Debt Service	89,836	32,493	57,343
Total	\$811,911	\$279,292	\$532,619

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$102,063	\$212,288	\$110,225
Special Revenue	126,300	150,313	24,013
Debt Service	56,800	50,680	(6,120)
Total	\$285,163	\$413,281	\$128,118

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$262,227	\$110,105	\$152,122
Special Revenue	432,023	232,421	199,602
Debt Service	73,205	34,048	39,157
Total	\$767,455	\$376,574	\$390,881

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.

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, 2001 was as follows:

	Principal	Interest Rate
Fire Pumper Truck Note	<u>\$29,799</u>	5%

**RICHFIELD TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

The general obligation Fire Pumper Truck Note was issued to finance the purchase of a new fire pumper truck to be used for Township fire protection. The note to purchase the fire pumper truck is unsecured.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2002	<u>\$30,851</u>

6. RETIREMENT SYSTEMS

Certain Township's employees belong 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. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

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.

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.

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

Richfield Township
Lucas County
3951 Washburn Road
Berkey, Ohio 43504-9722

To the Board of Trustees:

We have audited the accompanying financial statements of Richfield Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 9, 2002. We conducted our audits 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 audits 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 a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 9, 2002.

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 did not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 9, 2002.

Richfield Township
Lucas County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 9, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
Facsimile 614-466-4490

RICHFIELD TOWNSHIP

LUCAS 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
JUNE 13, 2002**