



**Auditor of State  
Betty Montgomery**



**RICHFIELD TOWNSHIP  
LUCAS COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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, Lucas County, (the Township) as of and for the years ended December 31, 2003 and 2002. 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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 of Richfield Township, Lucas, Ohio, as of December 31, 2003 and 2002, 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 August 3, 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.

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.



**Betty Montgomery**  
Auditor of State

August 3, 2004

**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, 2003**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Local Taxes	\$ 78,651	\$ 113,289		\$ 191,940
Intergovernmental	74,067	71,786		145,853
Charges for Services		1,015		1,015
Licenses, Permits, and Fees	1,522	2,110		3,632
Earnings on Investments	5,373	1,336	\$ 2,292	9,001
Other Revenue	2,288	5,790		8,078
<b>Total Cash Receipts</b>	<b>161,901</b>	<b>195,326</b>	<b>2,292</b>	<b>359,519</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	211,399			211,399
Public Safety		64,390		64,390
Public Works	40,436	52,660		93,096
Health	6,078	1,511		7,589
Interest and Fiscal Charges				-
Capital Outlay	21,040	88,020	24,436	133,496
<b>Total Cash Disbursements</b>	<b>278,953</b>	<b>206,581</b>	<b>24,436</b>	<b>509,970</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(117,052)</b>	<b>(11,255)</b>	<b>(22,144)</b>	<b>(150,451)</b>
<b>Other Financing Receipts and (Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Bonds			1,400,000	1,400,000
Transfers-In		20,000		20,000
Transfers-Out	(20,000)			(20,000)
Other Sources			91,268	91,268
Other Uses			(37,651)	(37,651)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(20,000)</b>	<b>20,000</b>	<b>1,453,617</b>	<b>1,453,617</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(137,052)</b>	<b>8,745</b>	<b>1,431,473</b>	<b>1,303,166</b>
<b>Fund Cash Balances, January 1</b>	<b>350,182</b>	<b>214,236</b>		<b>564,418</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 213,130</b>	<b>\$ 222,981</b>	<b>\$ 1,431,473</b>	<b>\$ 1,867,584</b>

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, 2002**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts:</b>				
Local Taxes	\$ 80,710	\$ 113,478	\$ 467	\$ 194,655
Intergovernmental	70,230	58,766		128,996
Charges for Services	1,387	507		1,894
Licenses, Permits, and Fees	1,952	899		2,851
Earnings on Investments	7,706	2,056		9,762
Other Revenue	1,710	2,244		3,954
<b>Total Cash Receipts</b>	<b>163,695</b>	<b>177,950</b>	<b>467</b>	<b>342,112</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	86,893			86,893
Public Safety		61,550		61,550
Public Works	19,678	101,093		120,771
Health	6,042	17,235		23,277
Redemption of Principal			29,799	29,799
Interest and Fiscal Charges			1,131	1,131
Capital Outlay	3,884	43,626		47,510
<b>Total Cash Disbursements</b>	<b>116,497</b>	<b>223,504</b>	<b>30,930</b>	<b>370,931</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>47,198</b>	<b>(45,554)</b>	<b>(30,463)</b>	<b>(28,819)</b>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In	21,430	29,000		50,430
Transfers-Out	(29,000)		(21,430)	(50,430)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(7,570)</b>	<b>29,000</b>	<b>(21,430)</b>	
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>39,628</b>	<b>(16,554)</b>	<b>(51,893)</b>	<b>(28,819)</b>
<b>Fund Cash Balances, January 1</b>	<b>310,554</b>	<b>230,790</b>	<b>51,893</b>	<b>593,237</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 350,182</b>	<b>\$ 214,236</b>		<b>\$ 564,418</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**RICHFIELD TOWNSHIP  
LUCAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

**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 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**

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.

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

**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:

**RICHFIELD TOWNSHIP  
LUCAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

**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.

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

Fire District - This fund receives property tax money for fire protection and emergency medical services for residents of the Township.

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of a fire truck note. The debt was paid off in fiscal year 2002.

**4. 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 fund:

Fire Building Construction Fund - The Township issued General Obligation bonds to finance the construction of a new fire station.

**E. Budgetary Process**

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

**RICHFIELD TOWNSHIP  
LUCAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

**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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 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, 2003 AND 2002  
(Continued)

	2003	2002
Demand deposits	\$ 268,035	\$ 300,769
Total deposits	268,035	300,769
STAR Ohio	209,749	263,649
Money Market Funds	1,389,800	
Total investments	1,599,549	263,649
Total deposits and investments	\$ 1,867,584	\$ 564,418

**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 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, 2003 and 2002 as follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 158,863	\$ 161,901	\$ 3,038
Special Revenue	190,768	215,326	24,558
Capital Projects		1,493,560	1,493,560
Total	\$ 349,631	\$ 1,870,787	\$ 1,521,156

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 483,945	\$ 298,953	\$ 184,992
Special Revenue	422,686	206,581	216,105
Capital Projects		62,087	(62,087)
Total	\$ 906,631	\$ 567,621	\$ 339,010

**RICHFIELD TOWNSHIP  
LUCAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 102,063	\$ 185,125	\$ 83,062
Special Revenue	188,450	206,950	18,500
Debt Service	56,800	467	(56,333)
Total	\$ 347,313	\$ 392,542	\$ 45,229

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 412,767	\$ 145,497	\$ 267,270
Special Revenue	386,240	223,504	162,736
Debt Service	108,693	52,360	56,333
Total	\$ 907,700	\$ 421,361	\$ 486,339

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Projects Fund by \$62,087 for the year ended December 31, 2003. Also, during 2003, the Township did not file estimated resources with the County Budget Commission for the Capital Projects Fund.

**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 payments, 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.

**RICHFIELD TOWNSHIP  
LUCAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

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, 2003 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$1,400,000	2.50-4.25%

The general obligation bonds were issued to finance the construction of a new fire station. The bonds are collateralized solely by the Township's taxing authority.

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

Year ending December 31:	General Obligation Bonds
2004	\$ 99,208
2005	100,338
2006	99,712
2007	104,088
2008	108,293
2009 – 2013	580,532
2014 – 2018	661,100
2019 – 2023	756,200
Total	\$ 2,509,471

**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.

**RICHFIELD TOWNSHIP  
LUCAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OPERS contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

**7. RISK MANAGEMENT**

The Township belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100 percent, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, Lucas County, (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 3, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 and 2003-002.

### **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 August 3, 2004.

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.



**Betty Montgomery**  
Auditor of State

August 3, 2004

**RICHFIELD TOWNSHIP  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

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

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41 (B) prohibits a subdivision from making an expenditure unless it has been appropriated. For the fiscal year ending December 31, 2003, the Township's Capital Projects Fund had expenditures in excess of appropriations in the amount of \$62,087.

Monitoring budget versus actual expenditures is an important tool of the budget process. Expenditures exceeding authorized levels of spending may ultimately lead to deficit balances within the funds.

The clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The clerk may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending appropriations.

**FINDING NUMBER 2003-002**

**Noncompliance Citation**

Ohio Revised Code § 5705.36 states that the fiscal officer of a subdivision and other taxing units are to request an amended certificate of estimated resources from the county auditor when a new source of revenue has been determined to be available.

For the fiscal year ending December 31, 2003, the Township did not request the required certificate prior to expending money from the Township's Capital Projects Fund. We recommend the Township file amended certificates of estimated resources with the County Auditor when additional revenues are available to be expended.





**Auditor of State  
Betty Montgomery**

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**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  
AUGUST 31, 2004**