



**RICHLAND TOWNSHIP
CLINTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**RICHLAND TOWNSHIP
CLINTON COUNTY**

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Richland Township
Clinton County
330 N. College St.
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, 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 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 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 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 3, 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 audit.

This report is intended solely for the information and use of the 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".

Jim Petro
Auditor of State

May 3, 2002

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**RICHLAND TOWNSHIP
CLINTON COUNTY**

**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, 2001**

	General	Special Revenue	Fiduciary Funds	Totals (Memorandum Only)
Cash Receipts:				
Local Taxes	\$32,413	\$59,460	\$0	\$91,873
Intergovernmental	53,548	67,040	0	120,588
Licenses, Permits, and Fees	9,420	0	0	9,420
Earnings on Investments	3,116	3,539	1,602	8,257
Other Revenue	2,389	5,905	0	8,294
	<u>100,886</u>	<u>135,944</u>	<u>1,602</u>	<u>238,432</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	77,048	0	0	77,048
Public Works	0	113,700	0	113,700
Health	3,187	12,958	0	16,145
Conservation - Recreation	8,840	0	0	8,840
Capital Outlay	3,402	10,839	0	14,241
	<u>92,477</u>	<u>137,497</u>	<u>0</u>	<u>229,974</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>8,409</u>	<u>(1,553)</u>	<u>1,602</u>	<u>8,458</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	34,245	12,857	47,102
Transfers-Out	(5,709)	0	(41,393)	(47,102)
	<u>(5,709)</u>	<u>34,245</u>	<u>(28,536)</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,700	32,692	(26,934)	8,458
Fund Cash Balances, January 1	<u>45,982</u>	<u>132,374</u>	<u>113,471</u>	<u>291,827</u>
Fund Cash Balances, December 31	<u>\$48,682</u>	<u>\$165,066</u>	<u>\$86,537</u>	<u>\$300,285</u>

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

**RICHLAND TOWNSHIP
CLINTON COUNTY**

**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, 2000**

	General	Special Revenue	Fiduciary Funds	Totals (Memorandum Only)
Cash Receipts:				
Local Taxes	\$28,343	\$49,049	\$0	\$77,392
Intergovernmental	44,372	66,577	0	110,949
Licenses, Permits, and Fees	7,055	0	0	7,055
Earnings on Investments	8,042	4,851	2,460	15,353
Other Revenue	570	12,011	0	12,581
	<u>88,382</u>	<u>132,488</u>	<u>2,460</u>	<u>223,330</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	68,221	0	0	68,221
Health	2,905	5,202	0	8,107
Public Works	2,500	101,868	0	104,368
Conservation - Recreation	15,748	0	0	15,748
Capital Outlay	53,903	960	0	54,863
	<u>143,277</u>	<u>108,030</u>	<u>0</u>	<u>251,307</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(54,895)</u>	<u>24,458</u>	<u>2,460</u>	<u>(27,977)</u>
Other Financing Receipts/(Disbursements):				
Advances-In	500	500	0	1,000
Advances-Out	(500)	(500)	0	(1,000)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(54,895)</u>	<u>24,458</u>	<u>2,460</u>	<u>(27,977)</u>
Fund Cash Balances, January 1	<u>100,877</u>	<u>107,916</u>	<u>111,011</u>	<u>319,804</u>
Fund Cash Balances, December 31	<u>\$45,982</u>	<u>\$132,374</u>	<u>\$113,471</u>	<u>\$291,827</u>

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

**RICHLAND TOWNSHIP
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Richland Township, Clinton 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 road and bridge maintenance and cemetery maintenance. The Township contracts with the SRWW #2 Joint Fire District for fire and ambulance services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Jointly Governed Organization

The SRWW # 2 Joint Fire District, is jointly governed organization, which provides fire protection and rescue services to the Village of Sabina, Richland Township, Wayne Township and Wilson Township. Each of the four political subdivisions appoint one member of the four member board of trustees. This Board owns and operates assets in its own name. The Board has authority to levy taxes and approve its own budget. Funding for operations comes from the participants in the District, charges for services and a tax levy.

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 Deposits

The Township funds are deposited in a NOW checking account, U.S Treasury Note and Mutual Funds. All investments 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.

**RICHLAND TOWNSHIP
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 had the following significant Special Revenue Funds:

Road and Bridge

This fund receives property tax money to construct, maintain and repair Township roads and bridges.

Gasoline Tax Fund

This fund receives gasoline tax money to construct, maintain and repair Township roads.

3. Fiduciary Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. The Township had the following significant fiduciary funds:

Fox Expendable Trust

This fund maintains the corpus and interest of the Fox Trust, to be expended in accordance with the trust agreement.

Roberts Expendable Trust

This fund maintains the corpus and interest of the Roberts Trust in an investment account, to be spent in accordance with the trust agreement.

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. 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.

**RICHLAND TOWNSHIP
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Township did not properly encumber all commitments required by Ohio law.

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

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2001</u>	<u>2000</u>
Demand deposits	\$266,907	\$260,051
Treasury Note	10,000	10,000
Mutual Funds	<u>23,378</u>	<u>21,776</u>
Total deposits	<u><u>\$300,285</u></u>	<u><u>\$291,827</u></u>

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: The Township invests principal and interest from a cemetery trust in U.S. government obligations and mutual funds. The trust agreement directed the Township to maintain the trust funds in this type of investment. Investments in mutual funds are not evidenced by securities that exist in physical or book entry form.

**RICHLAND TOWNSHIP
CLINTON COUNTY**

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$125,923	\$100,886	(\$25,037)
Special Revenue	175,583	170,189	(5,394)
Fiduciary	9,148	14,459	5,311
Total	\$310,654	\$285,534	(\$25,120)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$133,676	\$98,186	\$35,490
Special Revenue	273,712	137,497	136,215
Fiduciary	113,011	41,393	71,618
Total	\$520,399	\$277,076	\$243,323

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$72,436	\$88,882	\$16,446
Special Revenue	114,448	132,988	18,540
Fiduciary	2,000	2,460	460
Total	\$188,884	\$224,330	\$35,446

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$147,794	\$143,777	\$4,017
Special Revenue	222,364	108,530	113,834
Fiduciary	113,011	0	113,011
Total	\$483,169	\$252,307	\$230,862

**RICHLAND TOWNSHIP
CLINTON COUNTY**

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

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. RETIREMENT SYSTEMS

The Township's elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. 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 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.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Inland Marine.

The Township provides insurance for its elected officials through a private carrier.

7. TRANSFERS

The transfers shown on the financial statements reflect the court ordered transfer of the non-expendable trust fund into various expendable trust funds and the cemetery fund. The other transfers reflect the correction of interest posting for the investment account.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Richland Township
Clinton County
330 N. College St
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, 2001 and 2000, and have issued our report thereon dated May 3, 2002. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2001-40414-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 3, 2002.

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 another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 3, 2002.

This report is intended solely for the information and use of the 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 fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 3, 2002

**RICHLAND TOWNSHIP
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001- 40414- 001

Noncompliance Citation

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 dollars, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

13 out of the 30 expenditures tested were initiated without obtaining the prior certification of the Clerk and neither exception listed above was used. Every effort should be made by the Township to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly certify funds could result in overspending funds.



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

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
JUNE 11, 2002**