



**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Richland Township
Fairfield County
7490 Thornville Road NE
Thornville, Ohio 43076

We have audited the accompanying financial statements of Richland Township, Fairfield County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. 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 Richland Township, Fairfield County, Ohio, as of December 31, 2000 and December 31, 1999, 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 14, 2001, 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.

JIM PETRO
Auditor of State

March 14, 2001

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**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
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>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$12,290	\$95,162	\$0	\$107,452
Intergovernmental	75,037	81,631	0	156,668
Charges for Services	0	95	0	95
Licenses, Permits, and Fees	5,110	0	0	5,110
Earnings on Investments	9,192	1,456	0	10,648
Other Revenue	829	11,614	0	12,443
Total Cash Receipts	<u>102,458</u>	<u>189,958</u>	<u>0</u>	<u>292,416</u>
Cash Disbursements:				
Current:				
General Government	34,400	0	0	34,400
Public Safety	0	23,621	0	23,621
Public Works	2,706	118,493	0	121,199
Health	6,416	0	0	6,416
Capital Outlay	315	4,840	0	5,155
Total Cash Disbursements	<u>43,837</u>	<u>146,954</u>	<u>0</u>	<u>190,791</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>58,621</u>	<u>43,004</u>	<u>0</u>	<u>101,625</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	22,401	4,018	26,419
Transfers-Out	(627)	(3,391)	(22,401)	(26,419)
Total Other Financing Receipts/(Disbursements)	<u>(627)</u>	<u>19,010</u>	<u>(18,383)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>57,994</u>	<u>62,014</u>	<u>(18,383)</u>	<u>101,625</u>
Fund Cash Balances, January 1	<u>74,495</u>	<u>179,389</u>	<u>18,383</u>	<u>272,267</u>
Fund Cash Balances, December 31	<u><u>\$132,489</u></u>	<u><u>\$241,403</u></u>	<u><u>\$0</u></u>	<u><u>\$373,892</u></u>
Reserve for Encumbrances, December 31	<u><u>\$1,134</u></u>	<u><u>\$15,400</u></u>	<u><u>\$0</u></u>	<u><u>\$16,534</u></u>

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

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL 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>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$12,746	\$99,690	\$0	\$0	\$112,436
Intergovernmental	57,999	81,978	0	0	139,977
Charges for Services	0	475	0	0	475
Licenses, Permits, and Fees	8,415	0	0	0	8,415
Earnings on Investments	5,946	1,010	0	374	7,330
Other Revenue	1,638	6,927	0	0	8,565
	<u>86,744</u>	<u>190,080</u>	<u>0</u>	<u>374</u>	<u>277,198</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	33,771	0	0	0	33,771
Public Safety	0	41,044	0	0	41,044
Public Works	2,518	105,657	0	0	108,175
Health	5,641	0	0	0	5,641
Debt Service:					
Redemption of Principal	0	0	11,984	0	11,984
Interest and Fiscal Charges	0	0	1,516	0	1,516
Capital Outlay	26,115	3,353	0	0	29,468
	<u>68,045</u>	<u>150,054</u>	<u>13,500</u>	<u>0</u>	<u>231,599</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Cash Disbursement	<u>18,699</u>	<u>40,026</u>	<u>(13,500)</u>	<u>374</u>	<u>45,599</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	0	0	13,500	6,762	20,262
Transfers-Out	(13,500)	(6,762)	0	0	(20,262)
	<u>(13,500)</u>	<u>(6,762)</u>	<u>13,500</u>	<u>6,762</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	5,199	33,264	0	7,136	45,599
Fund Cash Balances, January 1	69,296	146,125	0	11,247	226,668
Fund Cash Balances, December 31	<u><u>\$74,495</u></u>	<u><u>\$179,389</u></u>	<u><u>\$0</u></u>	<u><u>\$18,383</u></u>	<u><u>\$272,267</u></u>
Reserve for Encumbrances, December 31	<u>\$15,738</u>	<u>\$31,503</u>	<u>\$0</u>	<u>\$0</u>	<u>\$47,241</u>

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

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Richland Township, Fairfield 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 general governmental services, including fire protection and emergency medical services. The Township contracts with the Fairfield County Sheriff's Department to provide security of persons and property.

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. 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.

Fire District Fund - This fund receives real and personal property tax money for emergency and fire management.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

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 had the following significant capital projects fund:

Fire and Squad Capital Fund - The Township receives a portion of tax proceeds from the Fire Operating Fund to be accumulated over the next five years to purchase fire and squad apparatus.

D. 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. 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 2000 and 1999 budgetary activity appears in Note 3.

E. 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.

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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>2000</u>	<u>1999</u>
Demand deposits	<u>\$373,892</u>	<u>\$272,267</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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,951	\$102,458	\$44,507
Special Revenue	169,600	212,359	42,759
Capital Projects	<u>7,100</u>	<u>4,018</u>	<u>(3,082)</u>
Total	<u>\$234,651</u>	<u>\$318,835</u>	<u>\$84,184</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$132,086	\$45,598	\$86,488
Special Revenue	349,028	165,745	183,283
Capital Projects	<u>25,483</u>	<u>22,401</u>	<u>3,082</u>
Total	<u>\$506,597</u>	<u>\$233,744</u>	<u>\$272,853</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,519	\$86,744	\$15,225
Special Revenue	174,300	190,080	15,780
Debt Service	4,815	13,500	8,685
Capital Projects	<u>300</u>	<u>7,136</u>	<u>6,836</u>
Total	<u>\$250,934</u>	<u>\$297,460</u>	<u>\$46,526</u>

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$130,816	\$97,283	\$33,533
Special Revenue	319,425	188,319	131,106
Debt Service	13,500	13,500	0
Capital Projects	11,547	0	11,547
Total	\$475,288	\$299,102	\$176,186

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.

5. RETIREMENT SYSTEMS

Employees along with the elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. These plans provide 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for calendar year 1999. The Township contributed an amount equal to 10.84% of participants' gross salaries for calendar year 2000. The Township has paid all contributions required through December 31, 2000.

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

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:

- Automobile physical damage
- Comprehensive property

7. JOINTLY GOVERNED ORGANIZATION

Fairfield Regional Planning Commission - The Township appoints a person to represent the Township on the 48 member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually. The fee is based on the per capita of the Township. There is no ongoing financial interest of responsibility by the Township.

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

Board of Trustees
Richland Township
Fairfield County
7490 Thornville Road NE
Thornville, Ohio 43076

We have audited the accompanying financial statements of Richland Township, Fairfield County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated March 14, 2001. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Finding as item 2000-40623-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 14, 2001.

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. However, we noted other 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 March 14, 2001.

Richland Township
Fairfield County
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended 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.

JIM PETRO
Auditor of State

March 14, 2001

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**SCHEDULE OF FINDING
DECEMBER 31, 2000 AND 1999**

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

Finding Number	2000-40623-001
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Funds Certification

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account. This section also provides two exceptions to the above requirements:

1. Then and Now Certificate - 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 Township 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, if such expenditure is otherwise valid.
2. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

Thirty percent of the expenditures tested, the fiscal officer did not make the required certifications at the time the contracts or purchase commitments were entered into. Additionally, these payments did not contain a "then and now" certificate.

We recommend that the Clerk certify availability of funds at the time the purchase commitment is entered into or utilize a then and now certificate.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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RICHLAND TOWNSHIP

FARIFIELD 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 14, 2001**