



**Auditor of State
Betty Montgomery**

**RICHLAND TOWNSHIP
DARKE COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Richland Township
Darke County
7054 Beamsville-Webster Road
Versailles, Ohio 45380

To the Board of Trustees:

We have audited the accompanying financial statements of Richland Township, Darke 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 audit 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 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, Darke County, 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 March 22, 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 the management, Board of Trustees, and other officials authorized to receive this report under Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 22, 2004

**RICHLAND TOWNSHIP
DARKE 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**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$23,382	\$12,813	\$36,195
Intergovernmental	79,289	69,343	148,632
Licenses, Permits, and Fees		3,692	3,692
Earnings on Investments	771	370	1,141
Other Revenue	100	551	651
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	103,542	86,769	190,311
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
General Government	57,992		57,992
Public Safety		19,864	19,864
Public Works	37,526	17,133	54,659
Health	1,684	7,025	8,709
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	97,202	44,022	141,224
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	6,340	42,747	49,087
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Other Sources	45		45
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	45		45
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	6,385	42,747	49,132
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	79,354	157,649	237,003
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$85,739	\$200,396	\$286,135
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserve for Encumbrances	\$1,806	\$398	\$2,204
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**RICHLAND TOWNSHIP
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Non-Expendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$636</u>
Total Operating Cash Receipts	<u>636</u>
Fund Cash Balance, January 1	<u>31,709</u>
Fund Cash Balance, December 31	<u><u>\$32,345</u></u>

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

**RICHLAND TOWNSHIP
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$22,611	\$12,449	\$35,060
Intergovernmental	55,707	60,038	115,745
Licenses, Permits, and Fees	79	2,200	2,279
Earnings on Investments	814	1,328	2,142
Miscellaneous Revenue		1,200	1,200
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	79,211	77,215	156,426
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
General Government	53,398		53,398
Public Safety		17,431	17,431
Public Works	13,294	52,917	66,211
Health	4,618	885	5,503
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	71,310	71,233	142,543
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	7,901	5,982	13,883
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	71,453	151,667	223,120
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$79,354	\$157,649	\$237,003
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserve for Encumbrances	\$1,441	\$0	\$1,441
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**RICHLAND TOWNSHIP
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Non-Expendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$724</u>
Total Operating Cash Receipts	<u>724</u>
Fund Cash Balance, January 1	<u>30,985</u>
Fund Cash Balance, December 31	<u><u>\$31,709</u></u>

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

**RICHLAND TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Richland Township, Darke 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 to Township residents.

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's cash and investments consisted of demand deposits and certificates of deposit during the period.

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.

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

**RICHLAND TOWNSHIP
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Motor Vehicle License Fund - This fund receives motor vehicle license money to pay for constructing, maintaining, and repairing Township roads.

Fire District Levy Fund – This fund receives the proceeds of a property tax levy for providing fire protection.

3. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary funds:

Charlene Ashman Cemetery Bequest Fund - A non-expendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

Ben Coppess Cemetery Bequest Fund - A non-expendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

Lessie Kelsey Cemetery Bequest Fund - A non-expendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

Lucille Clark Cemetery Bequest Fund - A non-expendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

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 cash as of January 1. The County Budget Commission must also approve estimated resources.

**RICHLAND TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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 carried over, and need not be reappropriated.

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:

	2003	2002
Demand deposits	\$287,498	\$237,730
Certificates of deposit	30,982	30,982
Total deposits	\$318,480	\$268,712

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,526	\$103,587	\$50,061
Special Revenue	79,428	86,769	7,341
Non-Expendable Trust	22,168	636	(21,532)
Total	\$155,122	\$190,992	\$35,870

**RICHLAND TOWNSHIP
DARKE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$164,497	\$99,008	\$65,489
Special Revenue	192,548	44,420	148,128
Non-Expendable Trust	53,337	0	53,337
Total	<u>\$410,382</u>	<u>\$143,428</u>	<u>\$266,954</u>

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,204	\$79,211	\$34,007
Special Revenue	74,683	77,215	2,532
Non-Expendable Trust	310	724	414
Total	<u>\$120,197</u>	<u>\$157,150</u>	<u>\$36,953</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,852	\$72,751	\$41,101
Special Revenue	228,780	71,233	157,547
Non-Expendable Trust	12,238	0	12,238
Total	<u>\$354,870</u>	<u>\$143,984</u>	<u>\$210,886</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.

**RICHLAND TOWNSHIP
DARKE COUNTY**

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

5. RETIREMENT SYSTEMS

The 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.

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

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Electronic Data Equipment

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage (latest information available)

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**RICHLAND TOWNSHIP
DARKE COUNTY**

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

6. RISK MANAGEMENT (Continued)

Property Coverage (latest information available)

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 2002 and 2001 (the latest information available):

<u>Casualty Coverage</u>	2002	2001
Assets	\$23,757,036	\$23,703,776
Liabilities	<u>(9,197,512)</u>	<u>(9,379,003)</u>
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>

<u>Property Coverage</u>	2002	2001
Assets	\$6,596,996	\$5,011,131
Liabilities	<u>(1,204,326)</u>	<u>(647,667)</u>
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>



**Auditor of State
Betty Montgomery**

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

Richland Township
Darke County
7054 Beamsville-Webster Road
Versailles, Ohio 45380

To the Board of Trustees:

We have audited the accompanying financial statements of Richland Township, Darke County, (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 22, 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. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 22, 2004.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2003-003 and 2003-004.

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**Internal Control Over Financial Reporting
(Continued)**

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated March 22, 2004.

This report is intended solely for the information and use of the management and 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

March 22, 2004

**RICHLAND TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED 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 Rev. Code Section 5705.41 (D), provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money without attaching thereto the certificate of the fiscal officer of the subdivision that the amount required to meet the same in the fiscal year in which the contract is made 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. Contracts and orders for expenditures lacking prior certification should be null and void.

This section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that these funds were properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000 (\$3,000 after 4-07-03), the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

Contrary to this requirement the Township Clerk failed to certify the availability of funds prior to incurring the obligation for twenty percent of the 2003 expenditures and thirty percent of the 2002 expenditures and exception above was not utilized.

The Township should adopt procedures to improve compliance with the prior certification requirement.

FINDING NUMBER 2003-002

Noncompliance Citation:

Ohio Rev. Code Section 5705.10, requires that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. The Township failed to properly record the receipt of certain property taxes, intergovernmental revenue, and interest revenue in the special funds established for that purpose during both 2003 and 2002.

The adjustments required to accurately state the Township's fund balances as of December 31, are as follows:

FINDING NUMBER 2003-002
(Continued)

2003 Fund Type	Township Ending Balance	Increase / (Decrease)	Audited Ending Balance
General Fund	\$118,192	(\$32,453)	\$85,739
Special Revenue Funds:			
Motor Vehicle License Tax	16,677	5,929	22,606
Gas Tax	131,476	55,957	187,433
Road & Bridge	2,195	95	2,290
Cemetery (1)	4,589	(3,000)	1,589
Cemetery (2)	452	(452)	0
Fire District Levy	3,005	(16,527)	(13,522)
Total Special Revenue Funds	158,394	42,002	200,396
Non-Expendable Trust Funds:			
Lucille Clark Trust (1)	0	10,395	10,395
Lucille Clark Trust (2)	0	10,404	10,404
Charlene Ashman Trust	0	1,653	1,653
Lessie Kelsey Trust	0	1,899	1,899
Ben Coppess Trust	0	7,994	7,994
Non-Expendable Trust Fund	31,169	(31,169)	0
Total Non-Expendable Trust Fund	\$31,169	\$1,176	\$32,345

2002 Fund Type	Township Ending Balance	Increase / (Decrease)	Audited Ending Balance
General Fund	\$109,531	\$30,177	\$79,354
Special Revenue Funds:			
Motor Vehicle License Tax	24,185	988	25,173
Gas Tax	71,911	56,007	127,918
Road & Bridge	3,469	30	3,499
Cemetery	4,423	0	4,423
Fire District Levy	9,131	(12,495)	(3,364)
Total Special Revenue Fund	113,119	44,530	157,649
Non-Expendable Trust Funds:			
Lucille Clark Trust (1)	0	10,232	10,232
Lucille Clark Trust (2)	0	10,239	10,239
Charlene Ashman Trust	0	1,618	1,618
Lessie Kelsey Trust	0	1,857	1,857
Ben Coppess Trust	0	7,763	7,763
Non-Expendable Trust	31,169	(31,169)	0
Total Non-Expendable Trust Fund	\$31,169	\$540	\$31,709

In accordance with the preceding facts, the adjustments above have been reflected in the combined statements presented in this report for both 2003 and 2002.

The Township should develop procedures to improve compliance with the requirement that revenues are promptly posted to the appropriate fund and revenue account to prevent future misstatements.

FINDING NUMBER 2003-003

Reportable Condition:

Monitoring Township Financial Reports

Our review of the Township's Board minutes indicated that the Trustees were not receiving detailed financial reports each month. Since the Township Clerk is the only individual performing accounting functions, the Trustees should monitor the Township's financial position on a routine basis. The Clerk should provide the Trustees with copies of the monthly bank reconciliation report, receipt account status report, appropriation status report, and fund balance report at the end of each month.

The review and acceptance of the monthly financial reports should be recorded in the minutes to document that the Trustees have received and reviewed the reports.

FINDING NUMBER 2003-004

Reportable Condition:

Bank Reconciliations

The Township's December 31, 2003 and 2002, year-end bank reconciliations were not properly reconciled by the clerk. The amounts shown for certificates of deposit did not agree to the amount confirmed by the depository. The amount shown for outstanding checks was not in agreement with the accounting system for December 2002. The monthly bank account reconciliation is an integral control to verify the accuracy and completeness of the Township's monthly receipts and expenditures. The failure to maintain complete accountability of public monies diminishes the Township's ability to detect errors and irregularities promptly during the normal course of business.

To strengthen control over the reconciliation process all supporting documentation should be maintained and reconciled bank statement amounts should correspond to reported fund cash balances. In addition, the Trustees should review the monthly bank reconciliations to determine that they are being promptly performed and the proper procedures followed.

**RICHLAND TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-40319-001	Ohio Rev. Code Section 5705.41(D) Prior certification of funds.	No	Not Corrected. Re-issued as finding 2003-001
2001-40319-002	Ohio Rev. Code Section 5705.10 Revenue derived from a special levy.	No	Not Corrected. Re-issued as finding 2003-002
2001-40319-003	Monitoring of Financial Reports	No	Not Corrected. Re-issued as finding 2003-003
2001-40319-004	Unrecorded Cemetery Bequests	Yes	



**Auditor of State
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RICHLAND TOWNSHIP

DARKE 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 29, 2004**