



**Auditor of State  
Betty Montgomery**



**RICHLAND TOWNSHIP  
CLINTON COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Richland Township  
Clinton County  
330 North College Street  
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, 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 Government 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 Richland Township, Clinton 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 April 30, 2004 on our consideration of the Governments 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 30, 2004

**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, 2003**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$34,863	\$63,774	\$0	\$98,637
Licenses, Permits, and Fees	6,895	0	0	6,895
Intergovernmental	15,603	77,233	0	92,836
Earnings on Investments	356	82	1,219	1,657
Other Revenue	2,634	7,885	0	10,519
	<u>60,351</u>	<u>148,974</u>	<u>1,219</u>	<u>210,544</u>
<b>Total Cash Receipts</b>				
	<u>60,351</u>	<u>148,974</u>	<u>1,219</u>	<u>210,544</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	47,949	0	0	47,949
Public Safety	0	134,725	0	134,725
Public Works	476	24,641	0	25,117
Health	2,572	0	138	2,710
Conservation-Recreation	6,678	0	0	6,678
Capital Outlay	3,296	14,650	0	17,946
	<u>60,971</u>	<u>174,016</u>	<u>138</u>	<u>235,125</u>
<b>Total Cash Disbursements</b>				
	<u>60,971</u>	<u>174,016</u>	<u>138</u>	<u>235,125</u>
Total Receipts Over/(Under) Disbursements	(620)	(25,042)	1,081	(24,581)
Fund Cash Balances, January 1	26,054	138,728	86,242	251,024
<b>Fund Cash Balances, December 31</b>	<u><b>\$25,434</b></u>	<u><b>\$113,686</b></u>	<u><b>\$87,323</b></u>	<u><b>\$226,443</b></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, 2002**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$32,311	\$59,603	\$0	\$91,914
Licenses, Permits, and Fees	6,800	0	0	6,800
Intergovernmental	32,362	62,682	0	95,044
Earnings on Investment	968	230	825	2,023
Other Revenue	15,070	9,696	0	24,766
	<u>87,511</u>	<u>132,211</u>	<u>825</u>	<u>220,547</u>
<b>Total Cash Receipts</b>				
	<u>87,511</u>	<u>132,211</u>	<u>825</u>	<u>220,547</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	88,585	0	0	88,585
Public Safety	0	0	0	0
Public Works	862	133,800	0	134,662
Health	1,293	14,002	1,120	16,415
Conservation-Recreation	13,317	0	0	13,317
Capital Outlay	6,082	10,747	0	16,829
	<u>110,139</u>	<u>158,549</u>	<u>1,120</u>	<u>269,808</u>
<b>Total Cash Disbursements</b>				
	<u>110,139</u>	<u>158,549</u>	<u>1,120</u>	<u>269,808</u>
Total Receipts Over/(Under) Disbursement:	(22,628)	(26,338)	(295)	(49,261)
Fund Cash Balances, January	48,682	165,066	86,537	300,285
<b>Fund Cash Balances, December 31</b>	<u><b>\$26,054</b></u>	<u><b>\$138,728</b></u>	<u><b>\$86,242</b></u>	<u><b>\$251,024</b></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, 2003 AND 2002**

**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 service.

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 a 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 appoints one member of the four member board of trustees. This Board owns and operates assets in its own name. The Board of 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 Investments**

The Township funds are deposited in a NOW checking account and a Money Market 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, 2003 AND 2002  
(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:

*Motor Vehicle License Tax Fund* - This fund receives motor vehicle tax money to construct, maintain and repair Township roads.

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

*Road and Bridge Fund* – This fund receives property tax money to construct, maintain and repair Township roads and bridges.

*Cemetery Levy Fund* – This fund receives proceeds from a tax levy for providing cemetery maintenance.

**3. Fiduciary Funds**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

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

*The Roberts Expendable Trust* – This fund maintains the corpus and interest of the Fox Trust, to be expended 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, 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 cancelled and reappropriated in the subsequent year. There were no encumbrances outstanding at December 31, 2003 and 2002.

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	\$191,466	\$217,116
Total deposits	191,466	217,116
Money Market Fund	7,745	7,307
Treasury Note	10,000	10,000
Mutual Fund	17,232	16,601
Total investments	34,977	33,908
Total deposits and investments	\$226,443	\$251,024

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Township invests principal and interest from a cemetery trust in a money market account, U.S. government obligations and mutual funds. The trust agreement directed the Township to invest in this type of investment. 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, 2003 AND 2002  
(Continued)**

**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	\$55,868	\$60,351	\$4,483
Special Revenue	130,842	148,974	18,132
Fiduciary	685	1,219	534
Total	<u>\$187,395</u>	<u>\$210,544</u>	<u>\$23,149</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$80,943	\$60,971	\$19,972
Special Revenue	269,570	174,016	95,554
Fiduciary	86,927	138	86,789
Total	<u>\$437,440</u>	<u>\$235,125</u>	<u>\$202,315</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,794	\$87,511	(\$5,283)
Special Revenue	135,031	132,211	(2,820)
Fiduciary	2,000	825	(1,175)
Total	<u>\$229,825</u>	<u>\$220,547</u>	<u>(\$9,278)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,166	\$110,139	\$10,027
Special Revenue	300,866	158,549	142,317
Fiduciary	82,828	1,120	81,708
Total	<u>\$503,860</u>	<u>\$269,808</u>	<u>\$234,052</u>

**RICHLAND TOWNSHIP  
CLINTON COUNTY**

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

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. RETIREMENT SYSTEMS**

The Township's elected officials 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 2002 and 2003, PERS members contributed 8.5% of their gross wages. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2003. The Township has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

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.

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## **Auditor of State Betty Montgomery**

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

Richland Township  
Clinton County  
330 North College Street  
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, 2003 and 2002, and have issued our report thereon dated April 30, 2004, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting System (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*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 30, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 30, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 30, 2004



**RICHLAND TOWNSHIP  
CLINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END 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; <b><i>Explain:</i></b>
2001-40414-001	ORC, Section 5705.41 (D), Availability of funds was not properly certified.	Yes	





**Auditor of State  
Betty Montgomery**

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**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 1, 2004**