



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**RICHLAND TOWNSHIP
ALLEN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Richland Township
Allen County
7722 Grismore Road
Bluffton, Ohio 45817

To the Board of Trustees:

We have audited the accompanying financial statements of Richland Township, Allen County, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 of the Township as of December 31, 1999 and 1998, 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 12, 2000, 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 12, 2000

**RICHLAND TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL 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>	
Cash Receipts:				
Local Taxes	\$38,433	\$89,978	\$22,920	\$151,331
Intergovernmental	55,425	80,368	0	135,793
Charges for Services	1,800	0	0	1,800
Licenses, Permits, and Fees	4,545	2,404	0	6,949
Earnings on Investments	3,635	525	0	4,160
Other Revenue	1,615	4,898	0	6,513
	<u>105,453</u>	<u>178,173</u>	<u>22,920</u>	<u>306,546</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	60,449	0	0	60,449
Public Safety	26,259	49,001	0	75,260
Public Works	20,500	134,047	0	154,547
Health	7,426	3,962	0	11,388
Debt Service:				
Redemption of Principal	0	0	20,475	20,475
Interest and Fiscal Charges	0	0	2,465	2,465
Capital Outlay	7,000	1,100	0	8,100
	<u>121,634</u>	<u>188,110</u>	<u>22,940</u>	<u>332,684</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(16,181)</u>	<u>(9,937)</u>	<u>(20)</u>	<u>(26,138)</u>
Fund Cash Balances, January 1, 1999	<u>79,065</u>	<u>41,308</u>	<u>64</u>	<u>120,437</u>
Fund Cash Balances, December 31, 1999	<u><u>\$62,884</u></u>	<u><u>\$31,371</u></u>	<u><u>\$44</u></u>	<u><u>\$94,299</u></u>

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

**RICHLAND TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$39,065	\$89,523	\$24,425	\$153,013
Intergovernmental	62,604	76,093	0	138,697
Charges for Services	1,500	0	0	1,500
Licenses, Permits, and Fees	4,002	2,556	0	6,558
Earnings on Investments	3,647	608	0	4,255
Other Revenue	7,598	13,459	0	21,057
	<u>118,416</u>	<u>182,239</u>	<u>24,425</u>	<u>325,080</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	59,354	0	0	59,354
Public Safety	25,583	52,569	0	78,152
Public Works	0	109,574	0	109,574
Health	6,985	5,577	0	12,562
Debt Service:				
Redemption of Principal	0	0	20,475	20,475
Interest and Fiscal Charges	0	0	3,916	3,916
Capital Outlay	0	900	0	900
	<u>91,922</u>	<u>168,620</u>	<u>24,391</u>	<u>284,933</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements				
Before Advances	<u>26,494</u>	<u>13,619</u>	<u>34</u>	<u>40,147</u>
Advances-In	5,000	5,000	0	10,000
Advances-Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>	<u>(10,000)</u>
Excess of Cash Receipts Over/(Under)				
Cash Disbursements After Advances	26,494	13,619	34	40,147
Fund Cash Balances, January 1, 1998	<u>52,571</u>	<u>27,689</u>	<u>30</u>	<u>80,290</u>
Fund Cash Balances, December 31, 1998	<u><u>\$79,065</u></u>	<u><u>\$41,308</u></u>	<u><u>\$64</u></u>	<u><u>\$120,437</u></u>

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

**RICHLAND TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Richland Township, Allen 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 general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Township uses fund accounting to segregate cash that is 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.

Fire Levy Fund - This fund receives property tax money and is used for the maintenance and operations of the Volunteer Fire Department.

**RICHLAND TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of indebtedness. The Township had the following significant Debt Service Fund:

General Retirement Fund - This fund receives money from property taxes that is used to pay the Township's two loans.

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.

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 1999 and 1998 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.

G. 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
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$94,299</u>	<u>\$120,437</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$98,158	\$105,453	\$7,295
Special Revenue	212,055	178,173	(33,882)
Debt Service	23,235	22,920	(315)
Total	<u>\$333,448</u>	<u>\$306,546</u>	<u>(\$26,902)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$179,549	\$121,634	\$57,915
Special Revenue	251,004	188,110	62,894
Debt Service	23,275	22,940	335
Total	<u>\$453,828</u>	<u>\$332,684</u>	<u>\$121,144</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,650	\$123,416	\$32,766
Special Revenue	190,695	187,239	(3,456)
Debt Service	24,685	24,425	(260)
Total	<u>\$306,030</u>	<u>\$335,080</u>	<u>\$29,050</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$150,565	\$96,922	\$53,643
Special Revenue	230,442	173,620	56,822
Debt Service	24,695	24,391	304
Total	<u>\$405,702</u>	<u>\$294,933</u>	<u>\$110,769</u>

**RICHLAND TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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. DEBT

Debt outstanding at December 31, 1999, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Truck Loan	\$16,500	7.0%
Tractor Loan	<u>3,975</u>	7.5%
Total	<u><u>\$20,475</u></u>	

The Fire Truck Loan was for the purchase of a fire truck. The last annual installment on the loan of \$17,655, including interest, will be repaid in the year 2000.

The tractor loan was to purchase a new tractor to be used for mowing. The last annual installment on the loan of \$4,124, including interest, will be repaid in the year 2000.

Interest on both loans is paid semiannually.

6. RETIREMENT SYSTEMS

A. Public Employee Retirement System (PERS)

Township employees belong to (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 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**RICHLAND TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

B. Social Security

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. One of the Township's employees has elected Social Security. The Township's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Inland Marine

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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

Richland Township
Allen County
7722 Grismore Road
Bluffton, Ohio 45817

To the Board of Trustees:

We have audited the accompanying financial statements of Richland Township, Allen County, (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 12, 2000. 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 12, 2000.

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 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 May 12, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

May 12, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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RICHLAND TOWNSHIP

ALLEN 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
JULY 25, 2000**