



**RICHLAND TOWNSHIP  
GUERNSEY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**RICHLAND TOWNSHIP  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Richland Township  
Guernsey County  
14126 Ideal Road  
Senecaville, Ohio 43780

To the Board of Trustees:

We have audited the accompanying financial statements of Richland Township, Guernsey County, Ohio, (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 and reserves for encumbrances of Richland Township, Guernsey County, 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 August 10, 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

August 10, 2000

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**RICHLAND TOWNSHIP**  
**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, 1999**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$16,234	\$47,104	\$	\$	\$63,338
Intergovernmental	10,709	83,305	14,885		108,899
Licenses, Permits, and Fees	20	9,940			9,960
Interest	5,937			20	5,957
Miscellaneous	588	3,484			4,072
<b>Total Cash Receipts</b>	<u>33,488</u>	<u>143,833</u>	<u>14,885</u>	<u>20</u>	<u>192,226</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	39,983				39,983
Public Safety		10,250			10,250
Public Works		88,841			88,841
Health	303	21,213			21,516
Redemption of Principal			12,667		12,667
Interest and Fiscal Charges			2,057		2,057
Capital Outlay		24,892			24,892
<b>Total Cash Disbursements</b>	<u>40,286</u>	<u>145,196</u>	<u>14,724</u>	<u>0</u>	<u>200,206</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(6,798)</u>	<u>(1,363)</u>	<u>161</u>	<u>20</u>	<u>(7,980)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes		45,000			45,000
Sale of Fixed Assets		8,550			8,550
Transfers-In		25,663			25,663
Transfers-Out		(25,663)			(25,663)
Other Sources	622	4,900			5,522
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>622</u>	<u>58,450</u>	<u>0</u>	<u>0</u>	<u>59,072</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(6,176)</u>	<u>57,087</u>	<u>161</u>	<u>20</u>	<u>51,092</u>
<b>Fund Cash Balances, January 1</b>	<u>28,961</u>	<u>113,434</u>	<u>1,747</u>	<u>1,001</u>	<u>145,143</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$22,785</b></u>	<u><b>\$170,521</b></u>	<u><b>\$1,908</b></u>	<u><b>\$1,021</b></u>	<u><b>\$196,235</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$529</b></u>	<u><b>\$45,901</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$46,430</b></u>

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

**RICHLAND TOWNSHIP**  
**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, 1998**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$16,325	\$41,652	\$	\$	\$57,977
Intergovernmental	11,071	123,567	8,745		143,383
Licenses, Permits, and Fees	36	6,543			6,579
Interest	4,109	209		27	4,345
Miscellaneous	5,651	1,597			7,248
<b>Total Cash Receipts</b>	<u>37,192</u>	<u>173,568</u>	<u>8,745</u>	<u>27</u>	<u>219,532</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	37,950				37,950
Public Safety		8,518			8,518
Public Works		81,124			81,124
Health	303	17,071			17,374
Redemption of Principal			6,000		6,000
Interest and Fiscal Charges			1,265		1,265
Capital Outlay		25,375			25,375
<b>Total Cash Disbursements</b>	<u>38,253</u>	<u>132,088</u>	<u>7,265</u>	<u>0</u>	<u>177,606</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(1,061)</u>	<u>41,480</u>	<u>1,480</u>	<u>27</u>	<u>41,926</u>
<b>Other Financing Receipts:</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes		20,000			20,000
Other Sources	444	3,700			4,144
<b>Total Other Financing Receipts</b>	<u>444</u>	<u>23,700</u>	<u>0</u>	<u>0</u>	<u>24,144</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>	<u>(617)</u>	<u>65,180</u>	<u>1,480</u>	<u>27</u>	<u>66,070</u>
<b>Fund Cash Balances, January 1</b>	<u>29,578</u>	<u>48,254</u>	<u>267</u>	<u>974</u>	<u>79,073</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$28,961</b></u>	<u><b>\$113,434</b></u>	<u><b>\$1,747</b></u>	<u><b>\$1,001</b></u>	<u><b>\$145,143</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$895</b></u>	<u><b>\$2,871</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$3,766</b></u>

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Richland Township, Guernsey 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 and cemetery maintenance. The Township contracts with the Village of Senecaville and the Village of Lore City to provide fire protection, and contracts with the Village of Quaker City to provide emergency medical services on behalf of the Township.

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**

Certificates of deposit 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.

**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 for constructing, maintaining and repairing Township roads.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Debt Service Funds**

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

Equipment Acquisition Note Retirement Fund - This fund receives gasoline tax money to pay principal and interest payments for the purchase of Township equipment.

**4. 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:

Lucinda Lowry Trust Fund - This fund receives interest for the upkeep and beautification of Township cemetery lots.

Lowry Moss Trust Fund - This fund receives interest for the upkeep and beautification of Township cemetery lots.

**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 or function 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. The Township did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$106,235	\$95,143
Certificates of deposit	90,000	50,000
Total deposits	<u>\$196,235</u>	<u>\$145,143</u>

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

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,617	\$34,110	\$6,493
Special Revenue	150,572	227,946	77,374
Debt Service	14,322	14,885	563
Fiduciary	—	20	20
Total	<u>\$192,511</u>	<u>\$276,961</u>	<u>\$84,450</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,895	\$40,815	\$10,080
Special Revenue	261,246	216,760	44,486
Debt Service	16,700	14,724	1,976
Fiduciary	100	—	100
Total	<u>\$328,941</u>	<u>\$272,299</u>	<u>\$56,642</u>

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

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,191	\$37,636	\$10,445
Special Revenue	114,337	197,268	82,931
Debt Service	8,745	8,745	0
Fiduciary	22	27	5
Total	\$150,295	\$243,676	\$93,381

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$53,513	\$39,148	\$14,365
Special Revenue	162,246	134,959	27,287
Debt Service	7,867	7,265	602
Fiduciary	100		100
Total	\$223,726	\$181,372	\$42,354

**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. DEBT**

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

	Principal	Interest Rate
Equipment Acquisition Note	\$12,000	5.75%
Equipment Acquisition Note	13,333	5.10%
Equipment Acquisition Note	45,000	5.75%
Total	\$70,333	

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

**5. DEBT (Continued)**

The equipment acquisition notes were issued to finance the purchase of a new grader, truck and plowing equipment to be used for Township road maintenance. The notes are collateralized solely by the Township's taxing authority.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>Equipment Acquisition Notes</u>
2000	\$25,710
2001	24,464
2002	10,553
2003	10,035
2004	<u>9,518</u>
Total	<u><u>\$80,280</u></u>

**6. RETIREMENT SYSTEMS**

Township employees, the Trustees, and the Clerk 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 1999 and 1998, members of PERS 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.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

The Township is uninsured for the following risks:

- Public Official Liability
- Crime Coverage

The Township also provides health insurance and dental and vision coverage to the Trustees and 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  
Guernsey County  
14126 Ideal Road  
Senecaville, Ohio 43780

To the Board of Trustees:

We have audited the accompanying financial statements of Richland Township, Guernsey County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 10, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-41030-001 and 1999-41030-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 10, 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 August 10, 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". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

August 10, 2000



**RICHLAND TOWNSHIP  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-41030-001**

**Noncompliance Citation**

Ohio Rev. Code § 5705.10 states that all revenue derived from a specific source shall be credited to a special fund for the purpose for which monies were received. Proceeds from the sale of property other than a permanent improvement shall be paid into the fund from which such property was acquired or is maintained.

In 1999, the Clerk recorded the proceeds from the sale of a Township vehicle in the amount of \$8,550 into the Debt Service Fund; however, the truck was originally financed by the Gasoline Tax Fund and Motor Vehicle License Tax Fund via the allocation of 60% and 40%, respectively.

In 1998, the Clerk recorded the Bureau of Workers Compensation refund of \$5,651 within the Debt Service Fund; however, this amount should have been recorded in the General Fund.

A finding for adjustment is hereby issued against the Debt Service Fund of Richland Township in the amount of \$5,130 in favor of the Gasoline Tax Fund and in the amount of \$3,420 in favor of the Motor Vehicle License Tax Fund. A finding for adjustment is also hereby issued against the Debt Service Fund of Richland Township in the amount of \$5,651 in favor of the General Fund. The Clerk has posted these adjustments to the Township's financial statements, and these adjustments are reflected in the accompanying 1999 and 1998 financial statements.

**FINDING NUMBER 1999-41030-002**

**Noncompliance Citation**

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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 such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

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

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was 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, if such expenditure is otherwise valid.
- B. 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.

All of the obligations paid by the Township had a statement attached indicating the purchase was lawfully appropriated or in the process of collection to the credit of the appropriate fund, free from any previous encumbrance; however, this certification was dated subsequent to incurring the obligation for 50% of 1999 transactions and 46% of 1998 transactions tested.

We recommend the Township monitor the use of purchase orders more carefully to help ensure expenditures are certified as to the availability of funds prior to incurring the obligation.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**RICHLAND TOWNSHIP**

**GUERNSEY 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  
OCTOBER 19, 2000**