

**RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO
ANNUAL FINANCIAL REPORT**

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

Rea & Associates, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

**RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO
ANNUAL FINANCIAL REPORT**

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

**RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Richland Township
Holmes County, Ohio

We have reviewed the independent auditor's report of Richland Township, Holmes County, prepared by Rea & Associates, Inc., for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Richland Township is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

June 26, 2000

June 5, 2000

Board of Trustees
Richland Township
Holmes County, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Richland Township, Holmes County, as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These financial statements are the responsibility of the Richland 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 the 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 described 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 Richland Township, Holmes 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 a report dated June 5, 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 officials authorized to receive this report under Section 117.26, Ohio Revised Code. However, this report is a public record, and is available upon specific request.

Rea & Associates, Inc.

Columbus
New Philadelphia
Millersburg
Coshocton
Cambridge
Marietta
Medina
Lima

**RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
CASH RECEIPTS:		
Local taxes	\$ 7,505	\$ 44,423
Charges for Services	0	245
Licenses, Permits and Fees	0	12,099
Intergovernmental	24,379	70,720
Interest	2,374	1,216
Miscellaneous	<u>80</u>	<u>8,441</u>
Total cash receipts	34,338	137,144
CASH DISBURSEMENTS:		
Current:		
General government	19,632	206
Public safety services	0	10,337
Public work activities	126	90,710
Public health services	5,052	0
Capital outlay	4,468	19,140
Debt service:		
Redemption of principal	0	0
Interest	<u>0</u>	<u>0</u>
Total cash disbursements	<u>29,278</u>	<u>120,393</u>
Total receipts over (under) cash disbursements	5,060	16,751
OTHER FINANCING SOURCES (USES):		
Operating transfers - In	0	948
Operating transfers - Out	0	(948)
Advances - In	5,604	5,604
Advances - Out	<u>(5,604)</u>	<u>(5,604)</u>
Total other finance sources (uses)	<u>(0)</u>	<u>0</u>
Total receipts and other sources over (under) disbursements and other uses	5,060	16,751
Fund cash balances, January 1, 1999	<u>17,505</u>	<u>77,656</u>
Fund cash balances, December 31, 1999	<u>\$ 22,565</u>	<u>\$ 94,407</u>

RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

(MEMORANDUM
ONLY)

<u>DEBT SERVICE</u>	<u>CAPITAL PROJECT</u>	<u>TOTAL</u>
\$ 22,608	\$ 0	\$ 74,536
0	0	245
0	0	12,099
2,497	0	97,596
0	0	3,590
<u>0</u>	<u>28,496</u>	<u>37,017</u>
25,105	28,496	225,083
0	0	19,838
594	0	10,931
0	28,496	119,332
0	0	5,052
0	6,775	30,383
23,117	0	23,117
<u>2,967</u>	<u>0</u>	<u>2,967</u>
<u>26,678</u>	<u>35,271</u>	<u>211,620</u>
(1,573)	(6,775)	13,463
0	0	948
0	0	(948)
0	0	11,208
<u>0</u>	<u>0</u>	<u>(11,208)</u>
<u>0</u>	<u>0</u>	<u>0</u>
(1,573)	(6,775)	13,463
<u>1,804</u>	<u>13,467</u>	<u>110,432</u>
<u>\$ 231</u>	<u>\$ 6,692</u>	<u>\$ 123,895</u>

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

**RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO**

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

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
CASH RECEIPTS:		
Local taxes	\$ 5,784	\$ 35,323
Licenses, Permits and Fees	0	2,286
Intergovernmental	27,308	75,475
Interest	2,371	594
Miscellaneous	<u>1,876</u>	<u>9,859</u>
Total cash receipts	37,339	123,537
CASH DISBURSEMENTS:		
Current:		
General government	22,693	341
Public safety services	0	13,769
Public work activities	176	78,397
Public health services	4,140	0
Capital outlay	242	14,862
Debt service:		
Redemption of principal	0	0
Interest	<u>0</u>	<u>0</u>
Total cash disbursements	<u>27,251</u>	<u>107,369</u>
Total receipts over (under) cash disbursements	10,088	16,168
OTHER FINANCING SOURCES (USES):		
Operating transfers - In	0	6,315
Operating transfers - Out	(17,000)	(6,315)
Advances - In	3,000	3,000
Advances - Out	<u>(3,000)</u>	<u>(3,000)</u>
Total other finance sources (uses)	<u>(17,000)</u>	<u>0</u>
Total receipts and other sources over (under) disbursements	(6,912)	16,168
Fund cash balances, January 1, 1998	<u>24,417</u>	<u>61,488</u>
Fund cash balances, December 31, 1998	<u>\$ 17,505</u>	<u>\$ 77,656</u>

RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO

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

<u>DEBT SERVICE</u>	<u>CAPITAL PROJECT</u>	<u>(MEMORANDUM ONLY)</u>
<u>TOTAL</u>		
\$ 25,623	\$ 0	\$ 66,730
0	0	2,286
2,878	0	105,661
0	0	2,965
<u>0</u>	<u>31,764</u>	<u>43,499</u>
28,501	31,764	221,141
0	0	23,034
332	0	14,101
0	31,764	110,337
0	0	4,140
0	5,058	20,162
21,877	0	21,877
<u>4,710</u>	<u>0</u>	<u>4,710</u>
<u>26,919</u>	<u>36,822</u>	<u>198,361</u>
1,582	(5,058)	22,780
0	17,000	23,315
0	0	(23,315)
0	0	6,000
<u>0</u>	<u>0</u>	<u>(6,000)</u>
<u>0</u>	<u>17,000</u>	<u>0</u>
1,582	11,942	22,780
<u>222</u>	<u>1,525</u>	<u>87,652</u>
<u>\$ 1,804</u>	<u>\$ 13,467</u>	<u>\$ 110,432</u>

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

**RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 1: Summary of Significant Accounting Policies

A. Description of the Entity

The Township of Richland, Holmes County, is a body politic and corporate 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 four member Board. The Township provides general governmental services, including road, bridge and cemetery maintenance. The Township also provides fire protection.

The Township's management believes the financial statement presents 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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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 state motor vehicle license tax money for the construction, repair, and maintenance of township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money for the construction, repair and maintenance of township roads and bridges.

RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998

NOTE 1: Summary of Significant Accounting Policies (continued)

Fire District Fund - This fund receives real estate tax for the cost associated with fire protection.

Road and Bridge Fund - This fund receives real estate taxes, personal property taxes, and rollback and homestead tax monies for the construction, repair, and maintenance of township roads and bridges.

Road Levy Fund - This fund receives real estate taxes, personal property taxes, rollback and homestead taxes, and money from other sources for the construction, repair, and maintenance of township roads and bridges.

EMS Fund - This fund receives real estate taxes, personal property taxes, and money from various health organizations and individuals for the cost of the emergency services the EMS provides to the community.

Issue 2 Fund - This fund receives money from a specific source to cover the costs of the Issue 2 project which concerns the improvement of TR 9.

Debt Service Fund - This fund is used to accumulate resources for the payment of principle and interest on general long - term debt.

Capital Projects Fund - This fund is used to account for proceeds from a specific source (other than from trusts or special revenue funds) that is restricted to expenditure for a major capital project.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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 Township 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.

**RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 1: Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

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.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets in the accompanying financial statement.

NOTE 2: Equity in Pooled Cash

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 123,895	\$ 110,432
Total deposits	<u>\$ 123,895</u>	<u>\$ 110,432</u>

Deposits

Deposits in excess of \$100,000 are collateralized by securities specifically pledged by the financial institution to the Township. Deposits in financial institutions up to \$100,000 are covered by the Federal Depository Insurance Corporation (FDIC).

**RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 3: Budgetary Activity

Budgetary activity for the year ended December 31, 1999 was as follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 24,503	\$ 39,942	\$ 15,439
Special Revenue	105,003	143,696	38,693
Debt Service	24,874	25,105	231
Capital Projects	<u>28,496</u>	<u>28,496</u>	<u>0</u>
Total	<u>\$ 182,876</u>	<u>\$ 237,239</u>	<u>\$ 54,363</u>

1999 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 42,008	\$ 34,882	\$ 7,126
Special Revenue	172,970	126,945	46,025
Debt Service	23,904	26,678	(2,774)
Capital Projects	<u>13,467</u>	<u>35,271</u>	<u>(21,804)</u>
Total	<u>\$ 252,349</u>	<u>\$ 223,776</u>	<u>\$ 28,573</u>

**RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 3: Budgetary Activity (continued)

Budgetary activity for the year ended December 31, 1998 was as follows:

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 30,789	\$ 40,339	\$ 9,550
Special Revenue	98,672	132,852	34,180
Debt Service	27,074	28,501	1,427
Capital Projects	<u>49,430</u>	<u>48,764</u>	<u>(666)</u>
Total	<u>\$ 205,965</u>	<u>\$ 250,456</u>	<u>\$ 44,491</u>

1998 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 48,206	\$ 47,251	\$ 955
Special Revenue	144,070	116,684	27,386
Debt Service	25,595	26,919	(1,324)
Capital Projects	<u>40,954</u>	<u>36,822</u>	<u>4,132</u>
Total	<u>\$ 258,825</u>	<u>\$ 227,676</u>	<u>\$ 31,149</u>

**RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 4: Property Tax

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Richland Township. 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 payments, 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 taxes 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.

NOTE 5: Retirement Systems

The Board of Trustees, Township Clerk and other employees of the Township 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 health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Public Employee Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, 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. The required contributions were \$6,563, \$6,767 and \$6,640 for 1999, 1998 and 1997, respectively.

NOTE 6: Risk Management

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health, life, and disability insurance coverage to Township Trustees and Township Clerk, through a private carrier.

**RICHLAND TOWNSHIP
HOLMES COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 7: Debt Service

Debt outstanding at December 31, 1999 and 1998:

	<u>Interest Rate</u>	<u>1999</u>	<u>1998</u>
Note Payable			
Financial Institution - Fire Truck	5.25%	\$ 0	\$ 3,635
Note Payable			
Financial Institution - Ambulance	5.5%	<u>41,633</u>	<u>60,853</u>
Total		<u>\$ 41,633</u>	<u>\$ 64,488</u>

The unsecured loans to the Financial Institutions relate to the purchases of a fire truck and an ambulance. The first loan was paid in annual installments of \$3,635 at a fixed interest rate of 5.25% from the fire levy and road levy special revenue funds. The second loan will be paid in annual installments of \$22,567 which includes interest at a fixed interest rate of 5.5%. The following schedule is a summary of the expected maturities of the above obligations.

Amortization of the following debt is scheduled as follows:

<u>Year ending December 31:</u>	<u>Financial Institution Note Payable Ambulance</u>
2000	\$ 22,033
2001	<u>19,600</u>
Total	<u>\$ 41,633</u>

June 5, 2000

The Board of Trustees
Richland Township
Holmes County, Ohio

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Richland Township, Holmes County, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 5, 2000. We have conducted our audit in accordance with generally accepted auditing standards and 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 Richland 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 certain immaterial instances of noncompliance that we have reported to management of Richland Township in a separate letter dated June 5, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Richland 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 weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Richland Township in a separate letter dated June 5, 2000.

This report is intended for the information of the Board of Trustees and management, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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RICHLAND TOWNSHIP

HOLMES 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.

By: Susan Babbitt

Date: JULY 13, 2000