

**RICHLAND TOWNSHIP
LOGAN COUNTY, OHIO**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1998 AND 1997

V A N K R E V E L & C O M P A N Y
Certified Public Accountants *Dublin, Ohio*

**RICHLAND TOWNSHIP
LOGAN COUNTY, OHIO**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1998 AND 1997

V A N K R E V E L & C O M P A N Y
Certified Public Accountants *Dublin, Ohio*

RICHLAND TOWNSHIP
LOGAN COUNTY, OHIO
YEARS ENDED DECEMBER 31, 1998 AND 1997

Table of Contents

Report of Independent Accountants

Combined Statement of Cash Receipts, Cash Disbursements, and Changes
in Fund Cash Balances - All Governmental Funds and Similar Fiduciary Funds-
For the Year Ended December 31, 1998 1

Combined Statement of Cash Receipts, Cash Disbursements, and Changes
in Fund Cash Balances - Non Expendable Trust Fund
For the Year Ended December 31, 1998 2

Combined Statement of Cash Receipts, Cash Disbursements, and Changes
in Fund Cash Balances - All Governmental Funds and Similar Fiduciary Funds-
For the Year Ended December 31, 1997 3

Combined Statement of Cash Receipts, Cash Disbursements, and Changes
in Fund Cash Balances - Non Expendable Trust Fund
For the Year Ended December 31, 1997 4

Notes to the Financial Statements 5

Report on Compliance and Internal Control
Required by *Government Auditing Standards* 12



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

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

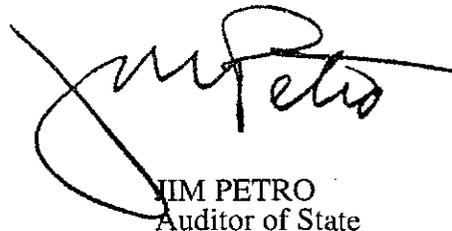
Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Board of Trustees
Richland Township
Logan County
P.O. Box 95
Belle Center, Ohio 43310

We have reviewed the Independent Auditor's Report of Richland Township, Logan County, prepared by Van Kregel & Company, for the audit period January 1, 1997 through December 31, 1998. 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

January 10, 2000

Report of Independent Accountants

Board of Trustees
Richland Township
Logan County
P. O. Box 95
Belle Center, Ohio 43310

We have audited the accompanying financial statements of Richland Township, Logan County, Ohio, as of and for the years ended December 31, 1998 and 1997. 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 audits.

We conducted our audits 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 audits 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 audits provide 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, Logan County, Ohio, as of December 31, 1998 and 1997, 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 25, 1999 on our consideration of the Government'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 and is not intended to be and should not be used by anyone other than these specified parties.

Van Krevell & Company

VAN KREVEL & COMPANY

April 25, 1999

P
U
C
E
R
T
I
F
I
C
A
T
E
D
D
O
U
N
T
A
N
T
S

RICHLAND TOWNSHIP
LOGAN COUNTY, OHIO

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

| | General Fund | Special Revenue | Total (Memo Only) |
|--|------------------|--------------------|-------------------------|
| REVENUE RECEIPTS | | | |
| Taxes | \$32,228 | \$43,078 | \$75,306 |
| Charges for Services | 0 | 6,501 | 6,501 |
| Licenses, Permits and Fees | 4,401 | 0 | 4,401 |
| Intergovernmental Receipts | 41,130 | 54,929 | 96,059 |
| Special Assessment | 0 | 297 | 297 |
| Interest | 4,964 | 728 | 5,692 |
| Other Revenue | 28,798 | 11,123 | 39,921 |
| TOTAL REVENUE RECEIPTS | 111,521 | 116,656 | 228,177 |
| EXPENDITURE DISBURSEMENTS | | | |
| General Government | 72,225 | 0 | 72,225 |
| Public Safety | 0 | 22,886 | 22,886 |
| Public Works | 0 | 64,688 | 64,688 |
| Health | 15,302 | 6,842 | 22,144 |
| Capital Outlay | 0 | 7,317 | 7,317 |
| TOTAL EXPENDITURE DISBURSEMENTS | 87,527 | 101,733 | 189,260 |
| Total Receipts Over (Under) Disbursements | 23,994 | 14,923 | 38,917 |
| OTHER FINANCING SOURCES | | | |
| Operating Transfers-In | 0 | 0 | 0 |
| Operating Transfers-Out | 0 | 0 | 0 |
| Other Financing Sources | 0 | 2,250 | 2,250 |
| TOTAL OTHER FINANCING SOURCES (USES) | 0 | 2,250 | 2,250 |
| Total of Receipts and Other Sources Over (Under) Disbursements and Other Uses | 23,994 | 17,173 | 41,167 |
| Fund Cash Balance - January 1, 1998 | 94,009 | 61,384 | 155,393 |
| Fund Balance Adjustments | 0 | 0 | 0 |
| Fund Balance After Adjustments | 94,009 | 61,384 | 155,393 |
| Fund Cash Balance - December 31, 1998 | \$118,003 | \$78,557 | \$196,560 |
| Reserve for Encumbrances - December 31, 1998 | \$0 | \$0 | \$0 |

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

RICHLAND TOWNSHIP
LOGAN COUNTY, OHIO

COMBINED STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - NON EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

| | Non Expendable Trust |
|--|----------------------------|
| REVENUE RECEIPTS | |
| Interest | 58 |
| EXPENDITURE DISBURSEMENTS | |
| Personal Services | 0 |
| Total of Receipts and Other Sources Over (Under) Disbursements and Other Uses | 58 |
| Fund Cash Balance-January 1, 1998 | <u>2,687</u> |
| Fund Cash Balance-December 31, 1998 | <u>\$2,745</u> |

RICHLAND TOWNSHIP
LOGAN COUNTY, OHIO

COMBINED STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1997

| | General Fund | Special Revenue | Total (Memo Only) |
|---|-----------------|--------------------|-------------------------|
| REVENUE RECEIPTS | | | |
| Taxes | \$32,614 | \$30,174 | \$62,788 |
| Charges for Services | 0 | 5,501 | 5,501 |
| Licenses, Permits and Fees | 5,670 | 11,338 | 17,008 |
| Intergovernmental Receipts | 50,585 | 62,248 | 112,833 |
| Special Assessment | 0 | 190 | 190 |
| Interest | 5,824 | 1,143 | 6,967 |
| Other Revenue | 10,797 | 0 | 10,797 |
| TOTAL REVENUE RECEIPTS | 105,490 | 110,594 | 216,084 |
| EXPENDITURE DISBURSEMENTS | | | |
| General Government | 71,951 | 0 | 71,951 |
| Public Safety | 0 | 25,746 | 25,746 |
| Public Works | 0 | 66,135 | 66,135 |
| Health | 14,800 | 9,699 | 24,499 |
| Capital Outlay | 37,479 | 7,636 | 45,115 |
| TOTAL EXPENDITURE DISBURSEMENTS | 124,230 | 109,216 | 233,446 |
| Total Receipts Over (Under) Disbursements | (18,740) | 1,378 | (17,362) |
| OTHER FINANCING SOURCES | | | |
| Operating Transfers-In | 0 | 0 | 0 |
| Operating Transfers-Out | 0 | 0 | 0 |
| Other Financing Sources | 0 | 251 | 251 |
| TOTAL OTHER FINANCING SOURCES (USES) | 0 | 251 | 251 |
| Total of Receipts and Other Sources Over (Under) Disbursements and Other Uses | (18,740) | 1,629 | (17,111) |
| Fund Cash Balance - January 1, 1997 | 112,749 | 59,755 | 172,504 |
| Fund Balance Adjustments | 0 | 0 | 0 |
| Fund Balance After Adjustments | 112,749 | 59,755 | 172,504 |
| Fund Cash Balance - December 31, 1997 | <u>\$94,009</u> | <u>\$61,384</u> | <u>\$155,393</u> |
| Reserve for Encumbrances - December 31, 1997 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

RICHLAND TOWNSHIP
LOGAN COUNTY, OHIO

COMBINED STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - NON EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1997

| | Non Expendable Trust |
|--|----------------------------|
| REVENUE RECEIPTS | |
| Interest | \$119 |
| EXPENDITURE DISBURSEMENTS | |
| Personal Services | 0 |
| <hr/> | |
| Total of Receipts and Other Sources Over (Under) Disbursements and Other Uses | 119 |
| Fund Cash Balance-January 1, 1997 | 2,568 |
| <hr/> | |
| Fund Cash Balance-December 31, 1997 | <u>\$2,687</u> |

RICHLAND TOWNSHIP
LOGAN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 AND 1997

1. Summary of Significant Accounting Policies

A. Description of the Entity

Richland Township, Logan County, Ohio 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, emergency medical services and fire protection.

The Township contracts with McDonald Township to provide 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. Cash

Cash includes certificates of deposit with a maturity date of less than 2 years. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

RICHLAND TOWNSHIP
LOGAN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 AND 1997

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 .

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

Fire Fund - This fund receives tax money from a special fire levy to help cover the cost of fire protection.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. Funds for which the Township is acting in an agency capacity are classified as agency funds. The Township had the following significant fiduciary fund.

Cemetery Bequest Fund. This fund receives donations to be maintained in perpetuity for the upkeep of the Township cemetery.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

RICHLAND TOWNSHIP
LOGAN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 AND 1997

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.

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 carried over, and need not be reappropriated.

A summary of 1998 and 1997 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 cash basis of accounting used by the Township.

RICHLAND TOWNSHIP
 LOGAN COUNTY, OHIO
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 1998 AND 1997

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>1998</u> | <u>1997</u> |
|--------------------------------|------------------|------------------|
| Demand deposits | \$124,226 | \$58,118 |
| Certificates of deposit | 75,000 | 100,000 |
| STAR Ohio | <u>21</u> | <u>20</u> |
| Total deposits and investments | <u>\$199,305</u> | <u>\$158,088</u> |

Deposits:

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

Investments:

Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 1998 and 1997 was as follows:

1998 Budgeted Vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|----------------------|--------------------------|------------------------|-----------------|
| General | \$100,053 | \$111,521 | \$11,468 |
| Special Revenue | 103,020 | 118,906 | 15,886 |
| Non Expendable Trust | <u>0</u> | <u>58</u> | <u>58</u> |
| Total | <u>\$203,073</u> | <u>\$230,485</u> | <u>\$27,412</u> |

RICHLAND TOWNSHIP
 LOGAN COUNTY, OHIO
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 1998 AND 1997

1998 Budgeted Vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|----------------------|--------------------------------|-------------------------------|-----------------|
| General | \$146,300 | \$87,527 | \$58,773 |
| Special Revenue | 133,800 | 101,733 | 32,067 |
| Non Expendable Trust | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | <u>\$280,100</u> | <u>\$189,260</u> | <u>\$90,840</u> |

1997 Budgeted Vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|----------------------|--------------------------|------------------------|-----------------|
| General | \$64,537 | \$105,490 | \$40,953 |
| Special Revenue | 102,520 | 110,845 | 8,325 |
| Non-Expendable Trust | <u>0</u> | <u>119</u> | <u>119</u> |
| Total | <u>\$167,057</u> | <u>\$216,454</u> | <u>\$49,397</u> |

1997 Budgeted Vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|----------------------|--------------------------------|-------------------------------|-----------------|
| General | \$156,900 | \$124,230 | \$32,670 |
| Special Revenue | 143,900 | 109,216 | 34,684 |
| Non Expendable Trust | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | <u>\$300,800</u> | <u>\$233,446</u> | <u>\$67,354</u> |

RICHLAND TOWNSHIP
LOGAN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 AND 1997

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 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 full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement 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 1998 and 1997, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.31% of participants' gross salaries. The Township has paid all contributions required through December 31, 1998.

RICHLAND TOWNSHIP
LOGAN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 AND 1997

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 insurance and dental and vision coverage to full-time employees through a private carrier.

7. Year 2000 Issue

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely effect the Township's operations as early as fiscal 1999.

The Township has completed an inventory of computer systems and other electronic equipment necessary to conducting Township operations. The Township leases the Auditor of State's uniform Accounting Network (UAN) system for its financial operations. The Auditor of State is responsible for remediating these systems and is solely responsible for costs associated with this project.

Tax collection for the Township is handled by Logan County. The County is responsible for remediating this system and is solely responsible for any costs associated with this project.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Township is or will be Year 2000 ready, that the Township's remediation efforts will be successful in whole or in part, or that parties with whom the Township does business will be Year 2000 ready.

8. Subsequent Events

There are no material subsequent events to be disclosed.

Report on Compliance and on Internal Control Required by Government Auditing Standards

Board of Trustees
Richland Township
Logan County, Ohio
P. O. Box 95
Belle Center, Ohio 43310

We have audited the accompanying financial statements of Richland Township, Logan County, Ohio, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated April 25, 1999. 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 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*.

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 of 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.

We also noted other matters involving the internal control structure and its operation that we have communicated to the management of Richland Township, Logan County, in a separate letter dated April 25, 1999.

P
U
C B
E L
R J
T C
J
F A
I C
E C
D O
U
N
T
A
N
T
S

Richland Township
April 25, 1999
Page 2

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.06, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Van Krevel + Company

VAN KREVEL & COMPANY

April 25, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

RICHLAND TOWNSHIP

LOGAN 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: JAN 18 2000