



**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001- 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

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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, 2001 and 2000. 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. 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 the Richland Township, Guernsey County, as of December 31, 2001 and 2000, 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 March 22, 2002, 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. 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 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.

Jim Petro
Auditor of State

March 22, 2002

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RICHLAND TOWNSHIP
GUERNSEY 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, 2001**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Local Taxes	\$20,395	\$59,815	\$	\$	\$	\$80,210
Intergovernmental	14,156	51,385	25,079	10,309		100,929
Licenses, Permits, and Fees		7,318				7,318
Earnings on Investments	5,286				18	5,304
Other Revenue		6,511				6,511
Total Cash Receipts	<u>39,837</u>	<u>125,029</u>	<u>25,079</u>	<u>10,309</u>	<u>18</u>	<u>200,272</u>
Cash Disbursements:						
Current:						
General Government	43,295					43,295
Public Safety		11,150				11,150
Public Works		89,348				89,348
Health	359	33,780				34,139
Debt Service:						
Redemption of Principal			21,673			21,673
Interest and Fiscal Charges			2,784			2,784
Capital Outlay		2,352		3,708		6,060
Total Cash Disbursements	<u>43,654</u>	<u>136,630</u>	<u>24,457</u>	<u>3,708</u>	<u>0</u>	<u>208,449</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(3,817)</u>	<u>(11,601)</u>	<u>622</u>	<u>6,601</u>	<u>18</u>	<u>(8,177)</u>
Other Financing Receipts:						
Other Sources	1,243	3,800				5,043
Total Other Financing Receipts	<u>1,243</u>	<u>3,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,043</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(2,574)	(7,801)	622	6,601	18	(3,134)
Fund Cash Balances, January 1	25,637	83,397	2,216	0	1,041	112,291
Fund Cash Balances, December 31	<u>\$23,063</u>	<u>\$75,596</u>	<u>\$2,838</u>	<u>\$6,601</u>	<u>\$1,059</u>	<u>\$109,157</u>
Reserve for Encumbrances, December 31	<u>\$464</u>	<u>\$2,386</u>	<u>\$0</u>	<u>\$4,316</u>	<u>\$0</u>	<u>\$7,166</u>

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

RICHLAND TOWNSHIP
GUERNSEY 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, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$16,632	\$48,336	\$	\$	\$64,968
Intergovernmental	14,780	63,739	20,888		99,407
Licenses, Permits, and Fees		8,741			8,741
Earnings on Investments	6,572			20	6,592
Other Revenue		2,892			2,892
Total Cash Receipts	<u>37,984</u>	<u>123,708</u>	<u>20,888</u>	<u>20</u>	<u>182,600</u>
Cash Disbursements:					
Current:					
General Government	30,734				30,734
Public Safety		11,350			11,350
Public Works		142,334			142,334
Health	308	24,996			25,304
Debt Service:					
Redemption of Principal			21,673		21,673
Interest and Fiscal Charges			4,008		4,008
Capital Outlay		35,979			35,979
Total Cash Disbursements	<u>31,042</u>	<u>214,659</u>	<u>25,681</u>	<u>0</u>	<u>271,382</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>6,942</u>	<u>(90,951)</u>	<u>(4,793)</u>	<u>20</u>	<u>(88,782)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In			5,100		5,100
Transfers-Out	(5,100)				(5,100)
Other Sources	1,012	3,825			4,837
Total Other Financing Receipts/(Disbursements)	<u>(4,088)</u>	<u>3,825</u>	<u>5,100</u>	<u>0</u>	<u>4,837</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>2,854</u>	<u>(87,126)</u>	<u>307</u>	<u>20</u>	<u>(83,945)</u>
Fund Cash Balances, January 1	<u>22,783</u>	<u>170,523</u>	<u>1,909</u>	<u>1,021</u>	<u>196,236</u>
Fund Cash Balances, December 31	<u>\$25,637</u>	<u>\$83,397</u>	<u>\$2,216</u>	<u>\$1,041</u>	<u>\$112,291</u>
Reserve for Encumbrances, December 31	<u>\$871</u>	<u>\$6,957</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,828</u>

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

**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

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 road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services. The Township contracts with the Villages of Senecaville, Lore City and Quaker City 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

Certificates of deposit and the savings trust deposits are valued at cost.

D. 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 to construct, maintain and repair Township roads and bridges.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

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 Fund:

Bond Retirement Fund - This fund receives motor vehicle license tax money and gasoline tax money for the principal and interest payments of outstanding general obligation notes.

4. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Fund:

Public Works Commission Fund - This fund receives Issue II money through the County Engineer for maintenance of Township roads.

5. 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 earnings from a savings account to maintain certain cemeteries within the Township.

Lowry-Moss Trust Fund - This fund receives interest earnings from a savings account to maintain certain cemeteries within the Township.

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. Unencumbered appropriations lapse at year end.

**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 re-appropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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>2001</u>	<u>2000</u>
Demand deposits	\$18,098	\$21,250
Savings trust deposits	1,059	1,041
Certificates of deposit	<u>90,000</u>	<u>90,000</u>
Total deposits	<u><u>\$109,157</u></u>	<u><u>\$112,291</u></u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000, follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,898	\$41,080	\$5,182
Special Revenue	114,137	128,829	14,692
Debt Service	24,916	25,079	163
Capital Projects	10,309	10,309	0
Fiduciary	20	18	(2)
Total	\$185,280	\$205,315	\$20,035

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,271	\$44,118	\$11,153
Special Revenue	189,957	139,016	50,941
Debt Service	26,000	24,457	1,543
Capital Projects	10,309	8,024	2,285
Total	\$281,537	\$215,615	\$65,922

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,482	\$38,996	\$8,514
Special Revenue	111,987	127,533	15,546
Debt Service	21,180	25,988	4,808
Fiduciary	20	20	0
Total	\$163,669	\$192,537	\$28,868

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$47,230	\$37,013	\$10,217
Special Revenue	258,900	221,616	37,284
Debt Service	32,000	25,681	6,319
Total	\$338,130	\$284,310	\$53,820

**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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, 2001, was as follows:

	Principal	Interest Rate
General Obligation Notes	\$27,018	5.75%
Total	\$27,018	

The general obligation notes were issued to finance the purchase of a new truck 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 of \$3,108, is scheduled as follows:

Year ending December 31:	General Obligation Notes
2002	\$10,560
2003	10,042
2004	9,524
Total	\$30,126

6. RETIREMENT SYSTEMS

The Township's employees 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.

**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1 through June 30, 2000, and for 2001. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 government entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

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



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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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, 2001 and 2000, and have issued our report thereon dated March 22, 2002. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-41030-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 22, 2002.

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 the management of the Township in a separate letter dated March 22, 2002.

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.

Jim Petro
Auditor of State

March 22, 2002

**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2001-41030-001

Noncompliance Citation

Ohio Rev. Code Section 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 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 - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Invoice dates preceded the Township Clerk's certification of available funds in thirty percent of tested expenditures. Twenty percent of these expenditures were less than \$1,000 and were subsequently resolved to be paid by the Board of Trustees within the aforementioned 30 day time period. However, none of these expenditures involved the use of a "then and now" certificate.

We recommend the Township Clerk certify the availability of funds and encumber them prior to the date of the invoice.

**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-41030-001	Ohio Rev. Code Section 5705.10 for posting of revenue to incorrect funds.	Yes	N/A
1999-41030-002	Ohio Rev. Code Section 5705.41(D) for failure to certify funds.	No	Not Corrected; Reissued as Finding Number 2001-41030-001.



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
APRIL 18, 2002**