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Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
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# PERRY & Associates

Certified Public Accountants, A.C.

**RANGE TOWNSHIP  
MADISON COUNTY**

**Regular Audit**

**For the Years Ended December 31, 2014 and 2013**

[www.perrycpas.com](http://www.perrycpas.com)

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Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support  
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# Dave Yost • Auditor of State

Board of Trustees  
Range Township  
5650 Dyer Road  
Mt. Sterling, Ohio 43143

We have reviewed the *Independent Auditor's Report* of Range Township, Madison County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. 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. Range Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 19, 2015

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RANGE TOWNSHIP  
MADISON COUNTY

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## INDEPENDENT AUDITOR'S REPORT

June 12, 2015

Range Township  
Madison County  
5650 Dyer Road  
Mt. Sterling, Ohio 43143

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of **Range Township**, Madison County, (the Township) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1B of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the Government does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Range Township, Madison County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2015, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**RANGE TOWNSHIP  
MADISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 33,925	\$ 78,873	\$ 25,570	\$ -	\$ 138,368
Charges for Services	-	6,196	-	-	6,196
Licenses, Permits and Fees	-	7,675	-	-	7,675
Intergovernmental	20,641	100,525	3,221	-	124,387
Earnings on Investments	516	934	197	10	1,657
Miscellaneous	-	3,700	-	-	3,700
<i>Total Cash Receipts</i>	<u>55,082</u>	<u>197,903</u>	<u>28,988</u>	<u>10</u>	<u>281,983</u>
<b>Cash Disbursements</b>					
Current:					
General Government	91,592	-	-	-	91,592
Public Safety	-	26,334	-	-	26,334
Public Works	676	87,196	-	-	87,872
Health	1,955	36,093	-	-	38,048
Human Services	-	-	-	-	-
Capital Outlay	-	148,938	-	-	148,938
Debt Service:					
Principal Retirement	-	44,953	10,000	-	54,953
Interest and Fiscal Charges	-	2,667	24,430	-	27,097
<i>Total Cash Disbursements</i>	<u>94,223</u>	<u>346,181</u>	<u>34,430</u>	<u>-</u>	<u>474,834</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(39,141)</u>	<u>(148,278)</u>	<u>(5,442)</u>	<u>10</u>	<u>(192,851)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds	-	137,285	-	-	137,285
Sale of Capital Assets	-	68,500	-	-	68,500
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>205,785</u>	<u>-</u>	<u>-</u>	<u>205,785</u>
<i>Net Change in Fund Cash Balances</i>	<u>(39,141)</u>	<u>57,507</u>	<u>(5,442)</u>	<u>10</u>	<u>12,934</u>
<i>Fund Cash Balances, January 1</i>	<u>131,307</u>	<u>271,760</u>	<u>42,138</u>	<u>1,530</u>	<u>446,735</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	-	-	-	1,000	1,000
Restricted	-	329,267	36,696	540	366,503
Unassigned	92,166	-	-	-	92,166
<i>Fund Cash Balances, December 31</i>	<u>\$ 92,166</u>	<u>\$ 329,267</u>	<u>\$ 36,696</u>	<u>\$ 1,540</u>	<u>\$ 459,669</u>

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

**RANGE TOWNSHIP  
MADISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 33,814	\$ 79,221	\$ 32,068	\$ -	\$ 145,103
Charges for Services	-	9,509	-	-	9,509
Licenses, Permits and Fees	-	9,650	-	-	9,650
Intergovernmental	77,723	116,987	3,996	-	198,706
Earnings on Investments	1,197	578	162	10	1,947
Miscellaneous	1,500	3,300	-	-	4,800
<i>Total Cash Receipts</i>	<u>114,234</u>	<u>219,245</u>	<u>36,226</u>	<u>10</u>	<u>369,715</u>
<b>Cash Disbursements</b>					
Current:					
General Government	90,756	-	-	-	90,756
Public Safety	733	30,925	-	-	31,658
Public Works	-	78,293	-	-	78,293
Health	-	34,487	-	-	34,487
Human Services	-	-	-	-	-
Capital Outlay	-	8,244	-	-	8,244
Debt Service:					
Principal Retirement	-	18,767	5,000	-	23,767
Interest and Fiscal Charges	-	-	24,890	-	24,890
<i>Total Cash Disbursements</i>	<u>91,489</u>	<u>170,716</u>	<u>29,890</u>	<u>-</u>	<u>292,095</u>
<i>Net Change in Fund Cash Balances</i>	22,745	48,529	6,336	10	77,610
<i>Fund Cash Balances, January 1</i>	<u>108,562</u>	<u>223,231</u>	<u>35,802</u>	<u>1,520</u>	<u>369,115</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	-	-	-	1,000	1,000
Restricted	-	271,760	42,138	530	313,898
Unassigned	131,307	-	-	-	131,307
<i>Fund Cash Balances, December 31</i>	<u>\$ 131,307</u>	<u>\$ 271,760</u>	<u>\$ 42,138</u>	<u>\$ 1,530</u>	<u>\$ 446,735</u>

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

**RANGE TOWNSHIP  
TOWNSHIP COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Range Township, Madison County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge and cemetery maintenance. The Sterling Joint Ambulance District provides the Township with emergency and medical services.

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

OTARMA – a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”).

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Township’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**RANGE TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Fire District Fund – This fund receives property tax money for purchasing fire equipment and vehicles and providing emergency fire services.

Cemetery Fund – This fund receives property tax money for the maintenance and upkeep and operations of the cemetery.

**3. Debt Service Fund**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement Fund – This fund receives property tax money for the purpose of payment on principal and interest on debt.

**4. Permanent Fund**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**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. Appropriations lapse at year end.

**RANGE TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(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 cash as of January 1. The County Budget Commission must 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 cancelled and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**RANGE TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

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

**F. Fund Balance (Continued)**

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	2014	2013
Demand deposits	\$35,853	\$97,675
Certificates of Deposit	62,298	62,110
Other time deposits (savings and NOW accounts)	361,518	286,950
Total deposits	\$459,669	\$446,735

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 55,082	\$ 55,082	\$ -
Special Revenue	403,688	403,688	-
Debt Service	28,988	28,988	-
Private Purpose Trust	10	10	-
Total	\$ 487,768	\$ 487,768	\$ -

**RANGE TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**3. BUDGETARY ACTIVITY (Continued)**

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 94,223	\$ 94,223	\$ -
Special Revenue	346,180	346,181	(1)
Debt Service	34,430	34,430	-
Total	<u>\$ 474,833</u>	<u>\$ 474,834</u>	<u>\$ (1)</u>

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 114,234	\$ 114,234	\$ -
Special Revenue	219,245	219,245	-
Debt Service	36,226	36,226	-
Private Purpose Trust	10	10	-
Total	<u>\$ 369,715</u>	<u>\$ 369,715</u>	<u>\$ -</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 91,489	\$ 91,489	\$ -
Special Revenue	170,716	170,716	-
Debt Service	29,890	29,890	-
Total	<u>\$ 292,095</u>	<u>\$ 292,095</u>	<u>\$ -</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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, 2014 was as follows:

	Principal	Interest Rate
Fire Station	\$ 390,000	5.95%
Fire Rescue Truck	77,500	0.00%
Pumper Truck	111,775	0.00%
Dump Truck	111,100	2.50%
Total	<u>\$ 690,375</u>	

**RANGE TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**5. DEBT (Continued)**

The Township issued a Fire Station Bond in the amount of \$435,000 from Huntington Bank for the construction of a fire station in 2008. The bond is to be repaid in semi-annual payments over 27 years with 5.95% interest.

The Township obtained debt in the amount of \$150,000 in 2007 for the purchase of a fire truck from the State of Ohio Department of Commerce. The debt is to be repaid over 15 years with 0% interest. The Township makes quarterly payments of \$2,500.

The Township obtained debt in the amount of \$131,500 for the purchase of a new rescue vehicle from the Ohio Department of Commerce in 2012. The debt is to be repaid over 15 years with 0% interest. The Township makes quarterly payments of \$2,192.

The Township issued a Dump Truck Bond in the amount of \$137,285 through the Madison County Treasurer's Office in 2014 for the purchase of a new dump truck. The debt is to be repaid in semi-annual payments over 5 years with 2.5% interest.

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

	<u>Fire Station</u>	<u>Fire Rescue Truck</u>	<u>Pumper Truck</u>	<u>Dump Truck</u>
2015	\$33,205	\$10,000	\$8,767	\$29,311
2016	32,610	10,000	8,767	29,439
2017	32,015	10,000	8,767	29,349
2018	36,420	10,000	8,767	29,341
2019	35,528	10,000	8,767	-
2020-2024	169,250	27,500	43,835	-
2025-2029	172,178	-	23,106	-
2030-2035	165,883	-	-	-
Total	<u>\$677,088</u>	<u>\$77,500</u>	<u>\$110,775</u>	<u>\$117,440</u>

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**7. RISK POOL MEMBERSHIP**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**RANGE TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**7. RISK POOL MEMBERSHIP (Continued)**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limit are the obligation of the respective government.

Financial Position

OTARMA'S financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	(8,486,363)	(8,912,432)
Members' Equity	<u>\$26,467,923</u>	<u>\$27,057,831</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payments. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$7,000.

**RANGE TOWNSHIP  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**7. RISK POOL MEMBERSHIP (Continued)**

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<b><u>Contributions to OTARMA</u></b>	
<b><u>2014</u></b>	<b><u>2013</u></b>
\$12,530	\$10,368

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**8. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

June 12, 2015

Range Township  
Madison County  
5650 Dyer Road  
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the financial statements of **Range Township**, Madison County, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated June 12, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Township’s internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township’s internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township’s financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of audit findings to be a material weakness.

...“bringing more to the table”

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support  
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### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry & Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*

**RANGE TOWNSHIP  
MADISON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Material Weakness**

**Posting Receipts, Disbursements and Fund Balances**

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be posted properly classified based on Governmental Accounting Standards Statement No. 54.

Receipts, Disbursements and Fund Balances were not always posted correctly. The following posting errors were noted:

- Intergovernmental receipts were recorded as Other Financing Sources in the Fire District Fund for 2013.
- Miscellaneous receipts were recorded as Other Financing Sources in the Fire District Fund for 2013.
- Charges for Services receipts were recorded as Other Financing Sources in the Road and Bridge Fund for 2014 and 2013.
- Miscellaneous receipts were recorded as Other Financing Sources in the Cemetery Fund for 2014 and 2013.
- Debt proceeds were misclassified as Other Financing Sources in the Gasoline Tax Fund for 2014.
- Fund balance for General, Special Revenue, Debt Service, and Permanent Funds were not classified in 2013.
- Fund balance for Special Revenue, and Debt Service were misclassified as unassigned instead of Restricted in 2014.
- Fund balance for the Permanent Fund was misclassified as unassigned instead of non-spendable and restricted.
- Debt disbursements were misclassified as Capital Outlay instead of Debt Service in 2014.

Not posting receipts, disbursements and fund balances accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of receipts, disbursements and fund balances are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code Section and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances.

**Management's Response** – We did not receive a response from officials to this finding.



# Dave Yost • Auditor of State

**RANGE TOWNSHIP**

**MADISON 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  
NOVEMBER 5, 2015**