



OHIO AUDITOR OF STATE
KEITH FABER



**RICHLAND TOWNSHIP
ALLEN COUNTY
DECEMBER 31, 2019 AND 2018**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2019	3
Notes to the Financial Statements For the Year Ended December 31, 2019	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2018	11
Notes to the Financial Statements For the Year Ended December 31, 2018	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings.....	21

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Richland Township
Allen County
8435 North Dixie Highway
Bluffton, Ohio 45817

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Richland Township, Allen County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

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 such 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 opinions.

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

As described in Note 1 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township 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 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, 2019 and 2018, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of Richland Township, Allen County as of December 31, 2019 and 2018, 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 1.

Emphasis of Matter

As discussed in Note 11 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, 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.



Keith Faber
Auditor of State
Columbus, Ohio

September 30, 2020

RICHLAND TOWNSHIP, ALLEN COUNTY
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$62,411	\$256,746	\$319,157
Charges for Services	38,530		38,530
Licenses, Permits and Fees	6,056	5,799	11,855
Intergovernmental	41,740	171,007	212,747
Earnings on Investments	9,725	2,003	11,728
Miscellaneous	1,933	3,334	5,267
<i>Total Cash Receipts</i>	<u>160,395</u>	<u>438,889</u>	<u>599,284</u>
Cash Disbursements			
Current:			
General Government	122,617		122,617
Public Safety	35,552	149,677	185,229
Public Works		144,143	144,143
Health	22,000	7,837	29,837
Capital Outlay		28,230	28,230
<i>Total Cash Disbursements</i>	<u>180,169</u>	<u>329,887</u>	<u>510,056</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(19,774)</u>	<u>109,002</u>	<u>89,228</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	3,750		3,750
Transfers In		5,000	5,000
Transfers Out	(5,000)		(5,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,250)</u>	<u>5,000</u>	<u>3,750</u>
<i>Net Change in Fund Cash Balances</i>	(21,024)	114,002	92,978
<i>Fund Cash Balances, January 1</i>	<u>147,102</u>	<u>373,998</u>	<u>521,100</u>
Fund Cash Balances, December 31			
Restricted		195,135	195,135
Committed		292,865	292,865
Assigned	52,520		52,520
Unassigned (Deficit)	73,558		73,558
<i>Fund Cash Balances, December 31</i>	<u>\$126,078</u>	<u>\$488,000</u>	<u>\$614,078</u>

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

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Richland Township
Allen County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 Richland Township, Allen County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township also contracts with the Village of Bluffton to provide fire protection and emergency medical services.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a public entities risk pool associated with the Ohio Township Association. Note 8 to the financial statements provides additional information for this entity.

The Township participates in one jointly governed organization which is the Lima-Allen County Regional Planning Commission. Note 9 to the financial statements provides additional information for this organization.

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

The Township values the checking and money market savings accounts at cost.

D. Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

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. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Richland Township
Allen County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 Special Revenue Funds:

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

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Levy Fund - This fund receives property tax money and is used for the maintenance and operations of the Volunteer Fire Department.

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.

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 carried over, and need not be reappropriated.

A summary of 2019 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:

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

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.

Richland Township
Allen County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

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.

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. Capital Assets

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

	2019
Demand deposits	<u>\$614,078</u>
Total demand deposits	<u>\$614,078</u>

Deposits Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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Richland Township
 Allen County, Ohio
 Notes to the Financial Statements
 For the Year Ended December 31, 2019

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$183,550	\$164,145	(\$19,405)
Special Revenue	431,730	443,889	12,159
Total	\$615,280	\$608,034	(\$7,246)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$214,370	\$185,169	\$29,201
Special Revenue	419,345	329,887	89,458
Total	\$633,715	\$515,056	\$118,659

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. Debt

The Township had no outstanding debt at December 31, 2019.

6. Defined Benefit Pension Plan

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

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Richland Township
Allen County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

7. Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

8. Risk Management

Worker's Compensation

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 Workers Compensation.

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$3,207,320
Actuarial liabilities	\$ 10,519,942

9. Jointly Governed Organization

The Lima-Allen County Regional Planning Commission, Allen County, (the Commission) was organized in 1964 under Section 713.21 of the Ohio Revised Code. The Commission is governed by a thirty-three member board. The Board consists of representatives from participating political subdivisions, the County Commissioners, and appointed citizens. The Commission serves the County by performing studies and making maps, preparing recommendations and reports relating to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. Financial information can be obtained from Marlene Schumaker, Grant coordinator, 130 West North St., Lima, Ohio 45801 or call 419-228-1836, or e-mail mschumaker@lacrpc.com.

Richland Township
Allen County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

10. 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.

11. Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

RICHLAND TOWNSHIP, ALLEN COUNTY

Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$59,501	\$258,341	\$317,842
Charges for Services	55,199		55,199
Licenses, Permits and Fees	2,175	3,940	6,115
Intergovernmental	45,960	162,505	208,465
Earnings on Investments	4,922	930	5,852
Miscellaneous	2,766	7,102	9,868
<i>Total Cash Receipts</i>	<u>170,523</u>	<u>432,818</u>	<u>603,341</u>
Cash Disbursements			
Current:			
General Government	120,574		120,574
Public Safety	61,923	176,241	238,164
Public Works		180,243	180,243
Health	21,824	8,334	30,158
Capital Outlay	80,101	85,871	165,972
<i>Total Cash Disbursements</i>	<u>284,422</u>	<u>450,689</u>	<u>735,111</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(113,899)</u>	<u>(17,871)</u>	<u>(131,770)</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	9,950		9,950
Other financing Sources	11		11
Transfers In		8,000	8,000
Transfers Out	(8,000)		(8,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,961</u>	<u>8,000</u>	<u>9,961</u>
<i>Net Change in Fund Cash Balances</i>	<u>(111,938)</u>	<u>(9,871)</u>	<u>(121,809)</u>
<i>Fund Cash Balances, January 1</i>	<u>259,040</u>	<u>383,869</u>	<u>642,909</u>
Fund Cash Balances, December 31			
Restricted		137,046	137,046
Committed		236,952	236,952
Assigned	30,820		30,820
Unassigned (Deficit)	116,282		116,282
<i>Fund Cash Balances, December 31</i>	<u>\$147,102</u>	<u>\$373,998</u>	<u>\$521,100</u>

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

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Richland Township
Allen County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 Richland Township, Allen County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township also contracts with the Village of Bluffton to provide fire protection and emergency medical services.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a public entities risk pool associated with the Ohio Township Association. Note 8 to the financial statements provides additional information for this entity.

The Township participates in one jointly governed organization which is the Lima-Allen County Regional Planning Commission. Note 9 to the financial statements provides additional information for this organization.

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

The Township values the checking and savings accounts at cost.

D. Basis of Presentation

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Richland Township
Allen County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 Special Revenue Funds:

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Fire Levy Fund - This fund receives property tax money and is used for the maintenance and operations of the Volunteer Fire Department.

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.

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 approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 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:

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

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.

Richland Township
Allen County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

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.

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. Capital Assets

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

	2018
Demand deposits	<u>\$521,100</u>
Total deposits	<u>\$521,100</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Richland Township
Allen County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$135,385	\$180,484	\$45,099
Special Revenue	421,715	440,818	19,103
Total	\$557,100	\$621,302	\$64,202

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$312,110	\$292,422	\$19,688
Special Revenue	566,051	450,689	115,362
Total	\$878,161	\$743,111	\$135,050

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. Debt

The Township had no outstanding debt at December 31, 2018.

6. Defined Benefit Pension Plan

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Richland Township
Allen County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

7. Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

8. Risk Management

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 Workers Compensation.

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

9. Jointly Governed Organization

The Lima-Allen County Regional Planning Commission, Allen County, (the Commission) was organized in 1964 under Section 713.21 of the Ohio Revised Code. The Commission is governed by a thirty-three member board. The Board consists of representatives from participating political subdivisions, the County Commissioners, and appointed citizens. The Commission serves the County by performing studies and making maps, preparing recommendations and reports relating to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. Financial information can be obtained from Marlene Schumaker, Grant coordinator, 130 West North St., Lima, Ohio 45801 or call 419-228-1836, or e-mail mschumaker@lacrpc.com.

Richland Township
Allen County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2018

10. 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.

11. Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

12. Compliance

Contrary to Ohio law, the Township recorded homestead & rollback receipts of \$1,904, motor vehicle license tax receipts of \$3,089 and gasoline tax receipts of \$15,477 in the wrong funds during the year ended December 31, 2018.

OHIO AUDITOR OF STATE KEITH FABER



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

Richland Township
Allen County
8435 North Dixie Highway
Bluffton, Ohio 45817

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 the cash balances, receipts, and disbursements by fund type of Richland Township, Allen County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated September 30, 2020 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

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 opinions 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.

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. We consider finding 2019-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2019-002 described in the accompanying schedule of findings to be a significant deficiency.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-002.

Township's Responses to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 30, 2020

**RICHLAND TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Material Weakness – Accuracy of Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the financial statements:

- At December 31, 2019, and 2018, subsequent year appropriations in the General Fund exceeded estimated receipts by \$52,520 and \$30,820, respectively, and were classified as unassigned fund balance instead of assigned fund balance. Governmental Accounting Standards Board (GASB) Statement No. 54, paragraph 16 (GASB Codification 1800.176) – *Fund Balance Reporting and Governmental Fund Type Definitions*, states an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year’s budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance; and
- At December 31, 2019 and 2018, the fund balance for the Special Revenue Road and Bridge Fund in the amount of \$292,865 and \$236,952, respectively, was classified as restricted fund balance, instead of committed fund balance. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority should be reported as committed fund balance per GASB Statement No. 54, paragraph 10 (GASB Codification 1800.170)

The accompanying financial statements have been adjusted to correct these recording errors. Classification errors ranging in amounts from \$1,372 to \$4,599 were not adjusted in the accompanying financial statements.

In addition, the notes to the financial statements had errors such as but not limited to the disclosure of significant funds and applicable fund types, the carrying amount of deposits, and the failure to include an OPERS post-employment benefits note. These errors and omissions were corrected in the accompanying notes to the financial statements.

Financial recording errors and omissions in the financial statements and notes may impact the user’s understanding of the financial operations, the ability to make sound financial decisions, and result in the material misstatement of the financial statements and notes.

The failure to perform a review of the financial statements and notes prior to filing may have contributed to these errors.

The Fiscal Officer and the Trustees should periodically review the accounting records and detailed monthly financial reports, along with reviewing the year-end financial statements and notes to the financial statements, to help identify and correct errors such as those identified above. In addition, resources such as those found on the Auditor of State web site at: <http://www.ohioauditor.gov/> and other sources should be utilized when preparing and reviewing the annual financial statements and notes to the financial statements.

OFFICIALS’ RESPONSE: We have reviewed and agree with your recommendation to periodically review the Township accounting records / reports with the Fiscal Officer to help prevent this issue from occurring.

FINDING NUMBER 2019-002

Noncompliance Finding / Significant Deficiency

Ohio Rev. Code § 5705.10(D) states, in part, “all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.”

In 2018, the following instances were identified where receipts were recorded in the wrong funds:

- Homestead & rollback receipts in the amount of \$1,904 were recorded in the Special Revenue Road and Bridge Fund instead of the Special Revenue Fire Levy Fund;
- Motor vehicle license tax receipts in the amount of \$3,089 were recorded in the General Fund instead of the Special Revenue Motor Vehicle License Tax Fund; and
- Gasoline tax receipts totaling in the amount of \$15,477 were recorded in the Special Revenue Motor Vehicle License Tax Fund instead of the Special Revenue Gasoline Tax Fund.

The accompanying financial statements and the accounting records have been adjusted to correct these recording errors.

Recording restricted receipts in the wrong fund increases the risk of the illegal spending of those receipts and reduces the available resources needed to meet obligations of the intended fund.

The failure to monitor budget versus actual receipt reports, which assists in the detection of actual receipts that are deviating from budgeted receipts, may have contributed to the failure to detect the errors identified above.

The Fiscal Officer and the Trustees should periodically perform a detailed review of the accounting records and review monthly budget versus actual receipt reports to help identify and correct errors such as those identified above.

OFFICIALS’ RESPONSE: We have reviewed and agree with your recommendation to periodically review the Township accounting records / reports with the Fiscal Officer to help ensure fund receipts are on target with budgeted amounts.

OHIO AUDITOR OF STATE KEITH FABER



RICHLAND TOWNSHIP

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/10/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov