



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

RICHLAND TOWNSHIP
FAIRFIELD COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Richland Township
5150 Logan Thornville Rd
Rushville, OH 43150

We have reviewed the *Independent Auditor's Report* of the Richland Township, Fairfield County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2021 through December 31, 2022. 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. The Richland Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 06, 2023

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RICHLAND TOWNSHIP
Fairfield County
For the Years Ended December 31, 2022 and 2021
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INDEPENDENT AUDITOR'S REPORT

Richland Township
Fairfield County
5150 Logan Thornville Road
Rushville, Ohio 43150

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Richland Township, Fairfield County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



BHM CPA Group, Inc.
Piketon, Ohio
July 27, 2023

Richland Township
Fairfield County, Ohio

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

All Governmental Fund Types

For the Year Ended December 31, 2022

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$ 37,268	\$ 728,838	\$ -	\$ 766,106
Charges for Services	-	32,282	-	32,282
Licenses, Permits and Fees	3,269	-	-	3,269
Intergovernmental	26,314	398,985	65,848	491,147
Earnings on Investments	1,608	251	-	1,859
Miscellaneous	9,003	31,773	-	40,776
<i>Total Cash Receipts</i>	<u>77,462</u>	<u>1,192,129</u>	<u>65,848</u>	<u>1,335,439</u>
Cash Disbursements				
Current:				
General Government	56,164	9,254	-	65,418
Public Safety	-	258,546	-	258,546
Public Works	-	151,578	-	151,578
Health	17,444	-	-	17,444
Capital Outlay	-	96,216	65,848	162,064
<i>Total Cash Disbursements</i>	<u>73,608</u>	<u>515,594</u>	<u>65,848</u>	<u>655,050</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	3,854	676,535	-	680,389
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	-	16,554	-	16,554
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>16,554</u>	<u>-</u>	<u>16,554</u>
<i>Net Change in Fund Cash Balances</i>	3,854	693,089	-	696,943
<i>Fund Cash Balances, January 1</i>	<u>135,583</u>	<u>1,670,371</u>	<u>-</u>	<u>1,805,954</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 139,437</u>	<u>\$ 2,363,460</u>	<u>\$ -</u>	<u>\$ 2,502,897</u>

See accompanying notes to the basic financial statements

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Richland Township, Fairfield 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 maintenance, cemetery maintenance, fire protection and emergency medical services. Police protection is provided by the Fairfield County Sheriff's Office.

Joint Ventures, Jointly Governed Organizations, and Public Entity Risk Pools

The Township participates in two jointly governed organizations, two joint ventures, and two public entity risk pools. Notes 6, 9, 10, and 11 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

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 organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

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.

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:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund accounts for and reports property tax money for constructing, maintaining and repairing township roads.

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Permissive Motor Vehicle License Tax Fund The permissive motor vehicle license tax fund accounts and reports that portion of motor vehicle license registration fees for maintenance and repair of roads within the township.

Fire Fund The fire fund accounts for and reports revenue and expenditures that relate to the township's fire department.

American Rescue Plan Act Fund The American Rescue Plan Act Fund accounts for and reports revenue disbursed by the federal government and distributed through the state to the township as a recovery effort from the COVID-19 pandemic for various uses by the township.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

FEMA Grant-Extrication Tools Fund The township received a federal grant from FEMA for capital improvements. The proceeds are restricted for capital improvement. The township's fire department purchased extrication tools.

Basis of Accounting

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 (C). 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 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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 2022 budgetary activity appears in Note 3.

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

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.

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.

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,756	\$77,462	\$6,706
Special Revenue	1,189,578	1,208,683	19,105
Capital Projects	65,848	65,848	-
Total	\$1,326,182	\$1,351,993	\$25,811

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$124,549	\$77,700	\$46,849
Special Revenue	1,715,181	619,512	1,095,669
Capital Projects	65,848	65,848	-
Total	\$1,905,578	\$763,060	\$1,142,518

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$2,502,897
Total deposits	2,502,897
Total investments	0
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$2,502,897

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding \$4,097.41 in unremitted employee payroll withholdings.

Deposits

Deposits are 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.

Note 5 – Property Taxes

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.

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

Note 6 – Risk Management

Workers' Compensation

The township participates in the Sedgwick group rating program for worker's compensation. This allows the township to receive a lower premium rate from the Bureau of Worker's Compensation.

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The (local entity) 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

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

	2021 (latest available information)
Cash and Investments	\$34,880,599
Actuarial Liabilities	\$10,601,444

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2022.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, 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 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Joint Ventures

The township began billing for Emergency Medical Services in 2017. This was to provide more financial resources for the Township Fire Department. The Township is using a “soft billing” method, where township residents are not billed for services, only their insurance companies. The township contracted with Medicount Management, Inc. to handle the EMS billing procedures. Medicount Management, Inc. receives a base rate fee of 6.5% of funds generated in exchange for their billing services. This arrangement has been financially beneficial to the Township.

The township entered into a three contract for a new Medical Director in 2017. The township’s Medical Director is Paul Zeeb, MD, FACEP, with MEC EMS. The township agreed to pay a fee of \$3,500 for the first year and \$2,500 for each of the next two years. Continuation of the contract is based on the evaluation of the current fire chief in the last quarter of the last contract year. The Medical Director provides the following services to the township: review and approval of all protocols, review of patient care reports, and provides additional review and training of personnel upon request of the Township’s Fire Chief or his appointed designee, and will assist in any other EMS services requested by the Township or the Medical Director. The Township’s Board of Trustees voted in December 2019 to renew the contract for two years, the renewal began in January 2020. The township continues to renew the contract. The Township does not gain financially from this arrangement, but it is needed and necessary to cover the Township from certain liabilities. No financial strain is put on the Township as a result of this arrangement.

Note 10 – Jointly Governed Organizations

Fairfield County Regional Planning Commission: The Township appoints a member of the board to represent the Township on the 47 member board of the Fairfield County Regional Planning Commission. The Township pays a small membership fee annually based on per capita of the Township. There is no ongoing financial responsibility by the Township.

The District Advisory Council to the Fairfield County Health Department: The Township appoints a member to the District Advisory Council. The Council’s function is to provide guidance to the Health Department on issues such as sewer systems, septic systems and water quality. The council also approves contracts with municipalities for the department and reviews restaurant inspections. The council reviews and approves the health department’s budget. The council consists of one representative from every township and village in the county, as well as a representative from the county auditor’s office and a county commissioner. The Council is not the health department’s board of directors. There is no financial responsibility by the Township.

Note 11 – Public Entity Risk Pool

The township is a member of the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for the Township. 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. The Township pays an annual contribution to help fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the Township’s deductibles. By contract, the annual liability of the Township is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2022

After one year of membership, the Township may withdraw on the anniversary of the date of joining OTARMA, if the Township notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, the Township is eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. If the Township withdraws there is no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the Township, regardless of whether a claim occurred or was reported prior to the withdrawal. OTARMA's governing board consists of seven members which includes the executive director and six individuals elected from member townships who serve as a trustee, fiscal officer or administrator.

The Township participates in the Sedgwick group rating program for worker's compensation. The Ohio Township Association hires Sedgwick to administer their workers compensation program to manage workers' compensation claims and to determine program eligibility on an annual basis so that townships can receive a lower premium rate from the Bureau of Workers' Compensation (BWC). The BWC is the insurance provider and sets the annual premium rates for the program participants. Participants pay an annual administrative fee to Sedgwick MCO for these services. The Executive Director of the Ohio Township Association is the coordinator of the program and the Association affairs are governed by a 20 member Board comprised of four officers and 16 directors that serve as either fiscal officers or trustees. Board elections are held every other year at the Association's Winter Conference.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$4,092	\$103,918	108,010
Total	\$4,092	\$103,918	\$108,010

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated. The township received \$196,771.67 through the American Rescue Plan Act. These funds are being accounted for in the American Rescue Plan Act Fund (2274). The township is purchasing a power cot and accessories for the fire department's ambulance as well as planning to repair some township roads.

Richland Township
Fairfield County, Ohio

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$ 38,512	\$ 762,877	\$ 801,389
Charges for Services	-	45,931	45,931
Licenses, Permits and Fees	4,312	-	4,312
Intergovernmental	25,052	191,580	216,632
Earnings on Investments	1,224	291	1,515
Miscellaneous	11,754	1,372	13,126
<i>Total Cash Receipts</i>	<u>80,854</u>	<u>1,002,051</u>	<u>1,082,905</u>
Cash Disbursements			
Current:			
General Government	51,447	6,652	58,099
Public Safety	-	359,749	359,749
Public Works	-	138,068	138,068
Health	11,681	-	11,681
Capital Outlay	-	120,833	120,833
<i>Total Cash Disbursements</i>	<u>63,128</u>	<u>625,302</u>	<u>688,430</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	17,726	376,749	394,475
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	-	903	903
Other Financing Sources	3,694	-	3,694
<i>Total Other Financing Receipts (Disbursements)</i>	<u>3,694</u>	<u>903</u>	<u>4,597</u>
<i>Net Change in Fund Cash Balances</i>	21,420	377,652	399,072
<i>Fund Cash Balances, January 1</i>	<u>114,163</u>	<u>1,292,719</u>	<u>1,406,882</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 135,583</u>	<u>\$ 1,670,371</u>	<u>\$ 1,805,954</u>

See accompanying notes to the basic financial statements

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Richland Township, Fairfield 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 maintenance, cemetery maintenance, fire protection and emergency medical services. Police protection is provided by the Fairfield County Sheriff's Office.

Joint Ventures, Jointly Governed Organizations, and Public Entity Risk Pools

The Township participates in two jointly governed organizations, two joint ventures, and two public entity risk pools. Notes 6, 9, 10, and 11 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

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 organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

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.

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:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund accounts for and reports property tax money for constructing, maintaining and repairing township roads.

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Permissive Motor Vehicle License Tax Fund The permissive motor vehicle license tax fund accounts and reports that portion of motor vehicle license registration fees for maintenance and repair of roads within the township.

Fire Fund The fire fund accounts for and reports revenue and expenditures that relate to the township's fire department.

Basis of Accounting

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 (C). 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 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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 2021 budgetary activity appears in Note 3.

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.

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.

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,798	\$84,548	\$22,750
Special Revenue	960,688	1,002,954	42,266
Total	\$1,022,486	\$1,087,502	\$65,016

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,651	\$68,377	\$35,274
Special Revenue	1,276,623	656,596	620,027
Total	\$1,380,274	\$724,973	\$655,301

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$1,805,954
Total deposits	1,805,954
Total investments	0
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$1,805,954

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$7,299.29 in unremitted employee payroll withholdings.

Deposits

Deposits are 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
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Property Taxes

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.

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

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The (local entity) 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>2021</u>
Cash and Investments	\$34,880,599
Actuarial Liabilities	\$10,601,444

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 – Joint Ventures

The township began billing for Emergency Medical Services in 2017. This was to provide more financial resources for the Township Fire Department. The Township is using a “soft billing” method, where township residents are not billed for services, only their insurance companies. The township contracted with Medicount Management, Inc. to handle the EMS billing procedures for 4 years. Medicount Management, Inc. receives a base rate fee of 6.5% of funds generated in exchange for their billing services. This arrangement has been financially beneficial to the Township.

The township entered into a three contract for a new Medical Director in 2017. The township’s Medical Director is Paul Zeeb, MD, FACEP, with MEC EMS. The township agreed to pay a fee of \$3,500 for the first year and \$2,500 for each of the next two years. Continuation of the contract is based on the evaluation of the current fire chief in the last quarter of the last contract year. The Medical Director provides the following services to the township: review and approval of all protocols, review of patient care reports, and provides additional review and training of personnel upon request of the Township’s Fire Chief or his appointed designee, and will assist in any other EMS services requested by the Township or the Medical Director.

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Township's Board of Trustees voted in December 2019 to renew the contract for two years, the renewal began in January 2020. The Township does not gain financially from this arrangement, but it is needed and necessary to cover the Township from certain liabilities. No financial strain is put on the Township as a result of this arrangement.

Note 10 – Jointly Governed Organizations

Fairfield County Regional Planning Commission: The Township appoints a member of the council to represent the Township on the 47 member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually based on per capita of the Township. There is no ongoing financial responsibility by the Township.

The District Advisory Council to the Fairfield County Health Department: The Township appoints a member to the District Advisory Council. The Council's function is to provide guidance to the Health Department on issues such as sewer systems, septic systems and water quality. The council also approves contracts with municipalities for the department and reviews restaurant inspections. The council reviews and approves the health department's budget. The council consists of one representative from every township and village in the county, as well as a representative from the county auditor's office and a county commissioner. The Council is not the health department's board of directors. There is no financial responsibility by the Township.

Note 11 – Public Entity Risk Pool

The township is a member of the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for the Township. 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. The Township pays an annual contribution to help fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the Township's deductibles. By contract, the annual liability of the Township is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. After one year of membership, the Township may withdraw on the anniversary of the date of joining OTARMA, if the Township notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, the Township is eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. If the Township withdraws there is no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the Township, regardless of whether a claim occurred or was reported prior to the withdrawal. OTARMA's governing board consists of seven members which includes the executive director and six individuals elected from member townships who serve as a trustee, fiscal officer or administrator.

The Township participates in the Sedgwick group rating program for worker's compensation. The Ohio Township Association hires Sedgwick to administer their workers compensation program to manage workers' compensation claims and to determine program eligibility on an annual basis so that townships can receive a lower premium rate from the Bureau of Workers' Compensation (BWC). The BWC is the insurance provider and sets the annual premium rates for the program participants. Participants pay an annual administrative fee to Sedgwick MCO for these services.

Richland Township
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Executive Director of the Ohio Township Association is the coordinator of the program and the Association affairs are governed by a 20 member Board comprised of four officers and 16 directors that serve as either fiscal officers or trustees. Board elections are held every other year at the Association's Winter Conference.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$5,249	\$31,294	36,543
Total	\$5,249	\$31,294	\$36,543

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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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
Fairfield County
5150 Logan Thornville Road
Rushville, Ohio 43150

To the Board of Trustees:

We have audited, in accordance the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of Richland Township, Fairfield County, (the Township) and have issued our report thereon dated July 27, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
July 27, 2023

OHIO AUDITOR OF STATE KEITH FABER



RICHLAND TOWNSHIP

FAIRFIELD 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 9/19/2023

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