



Certified Public Accountants, A.C.

**RICHLAND TOWNSHIP
DARKE COUNTY
Regular Audit
For the Years Ended December 31, 2018 and 2017**

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740 373 0056

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Vienna, WV 26105
304 422 2203

150 W. Main St., #A
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Board of Trustees
Richland Township
9269 Greenville - St. Mary's Road
Greenville, Ohio 45331

We have reviewed the *Independent Auditor's Report* of Richland Township, Darke County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery

Ohio Rev. Code § 505.24 (A)(3) provides, in part, in calendar year 2018, each township trustee is entitled to compensation of forty-nine dollars and sixty-three cents per day for not more than two hundred days, in townships having a budget of more than five hundred thousand but not more than seven hundred fifty thousand dollars.

Ohio Rev. Code § 505.24 (A)(4) provides, in part, in calendar year 2018, each township trustee is entitled to compensation of fifty-six dollars and seventy-one cents per day for not more than two hundred days, in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars.

According to the Township's original certificate of estimated resources for 2018 dated August 9, 2017, the Township's total 2018 budget was \$759,607. Per the amended certificate of estimated resources dated January 10, 2018, the Township's total 2018 budget was \$723,391. Per the final amended certificate of estimated resources dated June 13, 2018, the Township's total 2018 budget was \$749,151. Therefore, the Township's Trustees should have been paid in the \$500,000 to \$750,000 budget range for 2018 rather than the \$750,000 to \$1,500,000 budget range. As a result, each Township Trustee was overpaid by \$1,415.

Board of Trustees
Richland Township
9269 Greenville - St. Mary's Road
Greenville, Ohio 45331
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In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public money illegally expended is hereby issued against Trustee, Bruce Knick, and in favor of the Township's General Fund in the amount of \$70 and the Gasoline Fund in the amount of \$1,345; Trustee Jerry Marker, and in favor of the Township's General Fund in the amount of \$70 and the Gasoline Fund in the amount of \$1,345; and Trustee, Matthew Oliver, and in favor of the Township's General Fund in the amount of \$70 and the Gasoline Fund in the amount of \$1,345. The findings were repaid under audit.

Finding for Recovery

Ohio Rev. Code § 507.09 (A)(3) provides, in part, in calendar year 2018, each township fiscal officer is entitled to compensation of fifteen thousand five hundred ninety-seven dollars, in townships having a budget of more than five hundred thousand but not more than seven hundred fifty thousand dollars.

Ohio Rev. Code § 507.09 (A)(4) provides, in part, in calendar year 2018, each township fiscal officer is entitled to compensation of eighteen thousand seven hundred seventeen dollars, in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars.

According to the Township's original certificate of estimated resources for 2018 dated August 9, 2017, the Township's total 2018 budget was \$759,607. Per the amended certificate of estimated resources dated January 10, 2018, the Township's total 2018 budget was \$723,391. Per the final amended certificate of estimated resources dated June 13, 2018, the Township's total 2018 budget was \$749,151. Therefore, the Township's Fiscal Officer should have been paid in the \$500,000 to \$750,000 budget range for 2018 rather than the \$750,000 to \$1,500,000 budget range. As a result, the prior Fiscal Officer was overpaid by \$1,820 (Fiscal Officer from January through July 2018) and the current Fiscal Officer was overpaid by \$1,300 (Fiscal Officer from August through December 2018).

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public money illegally expended is hereby issued against prior Fiscal Officer, Dorothy Pope-Goodpaster, in the amount of \$1,820 and current Fiscal Officer, Star Sink, in the amount of \$1,300, and in favor of the Township's General Fund. The findings were repaid under audit.

Board of Trustees
Richland Township
9269 Greenville - St. Mary's Road
Greenville, Ohio 45331
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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.



Keith Faber
Auditor of State
Columbus, Ohio

December 2, 2019

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**RICHLAND TOWNSHIP
DARKE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

October 3, 2019

Richland Township
Darke County
9269 Greenville-St. Mary's Road
Greenville, Ohio 45331

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**, Darke County, (the Township) as of and for the years ended December 31, 2018 and 2017.

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.

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

As described in Note 2 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, 2018 and 2017, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Richland Township, Darke County as of December 31, 2018 and 2017, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2019, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



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

**RICHLAND TOWNSHIP
DARKE 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 46,532	\$ 42,438	\$ 88,970
Licenses, Permits and Fees	-	2,450	2,450
Intergovernmental	24,441	109,882	134,323
Earnings on Investments	51	-	51
Miscellaneous	-	2,625	2,625
<i>Total Cash Receipts</i>	<u>71,024</u>	<u>157,395</u>	<u>228,419</u>
Cash Disbursements			
Current:			
General Government	39,580	1,539	41,119
Public Safety	-	30,787	30,787
Public Works	544	102,398	102,942
Health	5,710	11,487	17,197
<i>Total Cash Disbursements</i>	<u>45,834</u>	<u>146,211</u>	<u>192,045</u>
<i>Excess of Receipts Over Disbursements</i>	<u>25,190</u>	<u>11,184</u>	<u>36,374</u>
Other Financing Receipts			
Sale of Capital Assets	1	-	1
Other Financing Sources	1,479	-	1,479
<i>Total Other Financing Receipts</i>	<u>1,480</u>	<u>-</u>	<u>1,480</u>
<i>Net Change in Fund Cash Balances</i>	26,670	11,184	37,854
<i>Fund Cash Balances, January 1</i>	<u>148,135</u>	<u>365,075</u>	<u>513,210</u>
Fund Cash Balances, December 31			
Restricted	-	365,335	365,335
Committed	-	10,924	10,924
Assigned	5,608	-	5,608
Unassigned	169,197	-	169,197
<i>Fund Cash Balances, December 31</i>	<u>\$ 174,805</u>	<u>\$ 376,259</u>	<u>\$ 551,064</u>

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

**RICHLAND TOWNSHIP
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	<u>\$ 47</u>
<i>Total Operating Cash Receipts</i>	<u>47</u>
<i>Operating Income</i>	47
<i>Fund Cash Balances, January 1</i>	<u>13,858</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 13,905</u></u>

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

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

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Richland Township, Darke County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge and cemetery maintenance and cemetery maintenance. The Township contracts with Ansonia Fire Department, Gettysburg Fire Department and Versailles Fire Department to provide fire and emergency medical services.

Public Entity Risk Pools

The Township participates in a public entity risk pool. The organization is Ohio Township Association Risk Management Authority (OTARMA). Note 6 to the financial statements provides additional information for this entity. 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, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all fiduciary fund types which are 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:

Gasoline 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 receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Special Levy / Fire District Levy Fund The Fire District Levy Fund receives the proceeds of a property tax levy for providing fire and emergency medical service.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Cemetery Fund The Cemetery Fund receives proceeds from the sale of lots and opening and closing of graves. The fund's resources finance cemetery maintenance costs.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds are for the benefit of certain individuals, as stated in the last will and testament. The Township had the following Private Purpose Trust Funds:

Charlene Ashman Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

Ben Coppess Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

Lessie Kelsey Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

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 (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.

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.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

A summary of 2018 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.

The Township values certificates of deposit at cost.

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.

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.

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 72,500	\$ 72,504	\$ 4
Special Revenue	153,152	157,395	4,243
Trust	78	47	(31)
Total	\$ 225,730	\$ 229,946	\$ 4,216

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 73,597	\$ 46,612	\$ 26,985
Special Revenue	222,639	147,899	74,740
Trust	78	-	78
Total	\$ 296,314	\$ 194,511	\$ 101,803

Note 4 - Deposits and Investments

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	\$ 554,026
Certificates of deposit	10,943
Total deposits	\$ 564,969

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; and 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 6 - Risk Management

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

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

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:

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's elected officials and 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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.

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include 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.

**RICHLAND TOWNSHIP
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 49,853	\$ 21,773	\$ 71,626
Licenses, Permits and Fees	-	3,000	3,000
Intergovernmental	24,442	101,246	125,688
Earnings on Investments	52	-	52
Miscellaneous	-	1,625	1,625
<i>Total Cash Receipts</i>	<u>74,347</u>	<u>127,644</u>	<u>201,991</u>
Cash Disbursements			
Current:			
General Government	44,488	1,203	45,691
Public Safety	-	41,931	41,931
Public Works	239	70,656	70,895
Health	5,626	11,726	17,352
<i>Total Cash Disbursements</i>	<u>50,353</u>	<u>125,516</u>	<u>175,869</u>
<i>Excess of Receipts Over Disbursements</i>	<u>23,994</u>	<u>2,128</u>	<u>26,122</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	538	-	538
Other Financing Uses	(34)	-	(34)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>504</u>	<u>-</u>	<u>504</u>
<i>Net Change in Fund Cash Balances</i>	24,498	2,128	26,626
<i>Fund Cash Balances, January 1 (Restated - See Note 9)</i>	<u>123,637</u>	<u>362,947</u>	<u>486,584</u>
Fund Cash Balances, December 31			
Restricted	-	358,853	358,853
Committed	-	8,981	8,981
Assigned	1,097	-	1,097
Unassigned (Deficit)	147,038	(2,759)	144,279
<i>Fund Cash Balances, December 31</i>	<u>\$ 148,135</u>	<u>\$ 365,075</u>	<u>\$ 513,210</u>

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

RICHLAND TOWNSHIP
DARKE COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	<u>\$ 42</u>
<i>Total Operating Cash Receipts</i>	<u>42</u>
<i>Operating Income</i>	42
<i>Fund Cash Balances, January 1</i>	<u>13,816</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 13,858</u></u>

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

Richland Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Richland Township, Darke County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge and cemetery maintenance and cemetery maintenance. The Township contracts with Ansonia Fire Department, Gettysburg Fire Department and Versailles Fire Department to provide fire and emergency medical services.

Public Entity Risk Pools

The Township participates in a public entity risk pool. The organization is Ohio Township Association Risk Management Authority (OTARMA). Note 6 to the financial statements provides additional information for this entity. 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

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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:

Gasoline 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 receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Special Levy / Fire District Levy Fund The Fire District Levy Fund receives the proceeds of a property tax levy for providing fire and emergency medical service.

Richland Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Cemetery Fund The Cemetery Fund receives proceeds from the sale of lots and opening and closing of graves. The fund's resources finance cemetery maintenance costs.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds are for the benefit of certain individuals, as stated in the last will and testament. The Township had the following Private Purpose Trust Funds:

Charlene Ashman Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

Ben Coppess Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

Lessie Kelsey Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

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 (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.

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.

Richland Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

A summary of 2017 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.

The Township values certificates of deposit at cost.

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.

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.

Richland Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 72,727	\$ 74,885	\$ 2,158
Special Revenue	131,862	127,644	(4,218)
Trust	33	42	9
Total	\$ 204,622	\$ 202,571	\$ (2,051)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 63,100	\$ 51,084	\$ 12,016
Special Revenue	197,487	125,516	71,971
Trust	33	-	33
Total	\$ 260,620	\$ 176,600	\$ 84,020

Note 4 - Deposits and Investments

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:

	2017
Demand deposits	\$ 516,125
Certificates of deposit	10,943
Total deposits	\$ 527,068

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; and 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Richland Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 - Risk Management

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

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

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

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	2017
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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

Richland Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 - Risk Management (Continued)

<u>2017 Contributions to OTARMA</u>
\$ 4,923

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's elected officials and 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2017.

Note 8 - Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include 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 1 percent during calendar year 2017.

Note 9 - Prior Period Restatement

The following adjustment is reflected in the January 1, 2017 fund balances:

	Special Revenue Funds
Fund Balance at December 31, 2016	\$ 357,958
Adjustment to account for voided check	4,989
Fund Balance at January 1, 2017	<u>\$ 362,947</u>

The Township canceled a check that was outstanding and reissued a new check.



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Vienna, WV 26105
304.422.2203

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740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

October 3, 2019

Richland Township
Darke County
9269 Greenville-St. Mary's Road
Greenville, Ohio 45331

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**, Darke County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated October 3, 2019, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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 2018-001 described in the accompanying schedule of audit findings to be a material weakness.

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Internal Control Over Financial Reporting (Continued)

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 2018-002 described in the accompanying schedule of audit findings 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 matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2018-002.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of audit 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 communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**RICHLAND TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Material Weakness

Posting Receipts and Classification of Fund Balances

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2018 and 2017, receipts and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Budget carryover and encumbrances outstanding at year end in the General Fund were incorrectly classified as Unassigned instead of Assigned in 2018 and 2017;
- The Road and Bridge Fund, with a funding source of property taxes with inside millage, was incorrectly classified as Restricted instead of Committed in 2018 and 2017; and
- Township bequest funds were incorrectly recorded as Permanent Funds instead of Private Purpose Trust Funds in 2018 and 2017.

Not posting receipts or classifying fund balances accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The adjustments have been posted to the Township’s accounting system.

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

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

Official’s Response – We did not receive a response from Officials to this finding.

FINDING NUMBER 2018-002

Significant Deficiency/Noncompliance

Salary Overpayment

Ohio Revised Code Section 505.24 (A) and 507.09 (A) set forth the maximum amounts of compensation for Township Trustees and the Fiscal Officer based on the Township’s annual budget amount.

The Township’s annual budget for 2018 fell between \$500,000.01 - \$750,000.

RICHLAND TOWNSHIP
DARKE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-002 (Continued)

Salary Overpayment (Continued)

Based on this budget amount, **Ohio Revised Code Section 505.24 (A)** limits the annual salary of the Trustees to \$9,926 and **Ohio Revised Code Section 507.09 (A)** limits the annual salary of the Fiscal Officer to \$15,597. The Township did not pay the Trustees or Fiscal Officers in accordance with the Ohio Revised Code.

The following salary overpayments were noted in 2018:

- Fiscal Officer, Dorothy Pope-Goodpaster (7 months in 2018), \$1,820
- Fiscal Officer, Star Sink (5 months in 2018), \$1,300
- Trustee, Bruce Knick, \$1,416
- Trustee, Jerry Marker, \$1,416
- Trustee, Matthew Oliver, \$1,416

All Township officials repaid the full amount of the overpayments during the audit period.

We recommend that the Township compare compensation amounts to the applicable Ohio Revised Code Section to determine the allowable amount of compensation for each year based on the Township budget.

Official's Response – The Fiscal Officer resigned in July and at that time did not make it known to anyone of the changes to the budget that had caused it to fall below the required amount for the pay scale that was being used. Therefore no action was taken to change the scale until we were informed during the audit. This matter has been resolved with the repayment to the Township by all those involved.

**RICHLAND TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Financial Statement Misstatements	Not Corrected	Repeated as Finding 2018-001

OHIO AUDITOR OF STATE KEITH FABER



RICHLAND TOWNSHIP

DARKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 12, 2019**