



**RICH HILL TOWNSHIP  
MUSKINGUM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**RICH HILL TOWNSHIP  
MUSKINGUM COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Rich Hill Township  
Muskingum County  
4235 Herron Road  
Chandlersville, Ohio 43727

To the Board of Trustees:

We have audited the accompanying financial statements of Rich Hill Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Rich Hill Township, Muskingum County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

July 18, 2001

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**RICH HILL TOWNSHIP  
MUSKINGUM TOWNSHIP**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$6,460	\$8,586	\$	\$15,046
Intergovernmental	39,171	55,325	8,141	102,637
Earnings on Investments	4,586	1,362		5,948
Other Revenue	195			195
<b>Total Cash Receipts</b>	<u>50,412</u>	<u>65,273</u>	<u>8,141</u>	<u>123,826</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	16,987			16,987
Public Safety	3,430			3,430
Public Works	388	61,659		62,047
Health	150			150
Capital Outlay	50		8,141	8,191
<b>Total Cash Disbursements</b>	<u>21,005</u>	<u>61,659</u>	<u>8,141</u>	<u>90,805</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>29,407</u>	<u>3,614</u>	<u>0</u>	<u>33,021</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		2,052		2,052
Transfers-Out	(2,052)			(2,052)
	<u>(2,052)</u>	<u>2,052</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	27,355	5,666	0	33,021
<b>Fund Cash Balances, January 1</b>	<u>54,868</u>	<u>55,515</u>	<u>465</u>	<u>110,848</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$82,223</b></u>	<u><b>\$61,181</b></u>	<u><b>\$465</b></u>	<u><b>\$143,869</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$225</b></u>	<u><b>\$234</b></u>	<u><b>\$0</b></u>	<u><b>\$459</b></u>

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

**RICH HILL TOWNSHIP  
MUSKINGUM TOWNSHIP**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$4,815	\$6,598	\$	\$11,413
Intergovernmental	23,716	57,576		81,292
Earnings on Investments	2,958	1,091		4,049
Other Revenue		67		67
<b>Total Cash Receipts</b>	<u>31,489</u>	<u>65,332</u>	<u>0</u>	<u>96,821</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	19,555	79		19,634
Public Safety	3,692			3,692
Public Works	331	66,098		66,429
Health	60			60
Capital Outlay	5,099	175	2,035	7,309
<b>Total Cash Disbursements</b>	<u>28,737</u>	<u>66,352</u>	<u>2,035</u>	<u>97,124</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>2,752</u>	<u>(1,020)</u>	<u>(2,035)</u>	<u>(303)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		2,425		2,425
Transfers-Out	(2,425)			(2,425)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(2,425)</u>	<u>2,425</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	327	1,405	(2,035)	(303)
Fund Cash Balances, January 1	54,541	54,110	2,500	111,151
<b>Fund Cash Balances, December 31</b>	<u><b>\$54,868</b></u>	<u><b>\$55,515</b></u>	<u><b>\$465</b></u>	<u><b>\$110,848</b></u>
Reserve for Encumbrances, December 31	<u>\$45</u>	<u>\$1,876</u>	<u>\$0</u>	<u>\$1,921</u>

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



**RICH HILL TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Rich Hill Township, Muskingum County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, fire protection, and emergency management service. The Township contracts with the Village of New Concord and the Cumberland Volunteer Fire Department & Emergency Squad for fire protection services and emergency management services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle money for maintaining and repairing Township roads.

**RICH HILL TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**C. Fund Accounting (Continued)**

**3. Capital Projects Fund**

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

Issue II Fund - The Township received a grant from the State of Ohio to resurface Shepherd Road.

**D. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**RICH HILL TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH**

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

	<b>2000</b>	<b>1999</b>
Interim Deposits	\$143,869	\$110,848

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,447	\$50,412	\$965
Special Revenue	66,923	67,325	402
Capital Projects	8,141	8,141	0
Total	\$124,511	\$125,878	\$1,367

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$69,947	\$23,282	\$46,665
Special Revenue	98,304	61,893	36,411
Capital Projects	10,465	8,141	2,324
Total	\$178,716	\$93,316	\$85,400

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,273	\$31,489	\$2,216
Special Revenue	62,280	67,757	5,477
Capital Projects	0	0	0
Total	\$91,553	\$99,246	\$7,693

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,745	\$31,207	\$29,538
Special Revenue	95,957	68,228	27,729
Capital Projects	2,500	2,035	465
Total	\$159,202	\$101,470	\$57,732

**RICH HILL TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. PROPERTY TAX**

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% and 13.55% for 2000 and 1999, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile
- Inland Marine
- Bonds

The Township also provided cancer insurance to full time employees through a private carrier.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Rich Hill Township  
Muskingum County  
4235 Herron Road  
Chandlersville Ohio 43727

To the Board of Trustees:

We have audited the accompanying financial statements of Rich Hill Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 18, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-41060-001 through 2000-41606-003. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated July 18, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 18, 2001.

Rich Hill Township  
Muskingum County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

July 18, 2001

**RICH HILL TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

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

<b>Finding Number</b>	<b>2000-41060-001</b>
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**Finding for Recovery Repaid Under Audit**

Ohio Rev. Code § 507.09 authorizes the compensation to be paid to Township Clerks, based on the amounts included in the official certificate of estimated resources and any amendments thereto.

The amounts included in the Township's official certificate of estimated resources and amended official certificate received from the County Budget Commission indicated the Township's budget during 2000 was in the \$100,001 to \$250,000 range, resulting in a compensation amount of \$7,877 due the Clerk. According to Township records, the Clerk had been paid \$8,169 during 2000, resulting in an overpayment of \$292.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for an illegal expenditure is hereby issued against Max E. Brill, Clerk, and Ohio Farmers Insurance Company, his bonding company, jointly and severally, in the amount of \$292, and in favor of Rich Hill Township.

Max Brill is in agreement with the finding and, as of the date of this report, has reimbursed the Township for the erroneous overpayment.

<b>Finding Number</b>	<b>2000-41060-002</b>
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**Finding for Adjustment**

Ohio Rev. Code § 505.24 states the amount of the annual salary approved by the Board shall be no more than the maximum amount that could be received annually by a Trustee if the Trustee were paid on a per diem basis as specified in this division, and shall be paid only from the Township General Fund or from such funds in proportions as the board may specify by resolution. Although the Board had not adopted a resolution authorizing trustee salaries and fringes to be paid from funds other than the General Fund, the Trustees' combined annual salaries and fringe benefits for 2000 were paid 18% from the Road and Bridge Fund and 82% from the Gasoline Tax Fund. For 1999, the Trustees' combined annual salaries and fringe benefits were paid 20% from the Road and Bridge Fund and 80% from the Gasoline Tax Fund.

On July 9, 2001, the Board of Trustees adopted a retroactive resolution addressing the proportions from which the total compensation of salaries and fringe benefits of the Trustees should have been paid. The following proportions were approved for both 1999 and 2000: 10% General Fund, 17% Road and Bridge Fund, and 73% Gasoline Tax Fund.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the General Fund in the amount of \$4,073, in favor of the Gasoline Tax Fund and Road and Bridge Fund, in the amounts of \$3,300 and \$773, respectively. As of the date of this report, Township management was in agreement with the aforementioned adjustment and this adjustment has been posted to the Township's records and is reflected in the accompanying financial statements.

We recommend the Board adopt a formal resolution at the organizational meeting each year addressing the allocation of Trustee compensation, including fringe benefits.

**RICH HILL TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

<b>Finding Number</b>	<b>2000-41060-003</b>
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**Noncompliance Citation**

Ohio Rev. Code Section 5705.40 provides that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation.

The Board of Trustees approved amendments to the appropriations which were posted to the accounting system but not submitted to the County Budget Commission for approval. The Township did not obtain the County Auditor's certification that total fund appropriations do not exceed estimated resources and therefore, the amendments were not valid. The following schedules compare appropriations approved by both the Board and the Budget Commission to those posted to the appropriations ledger.

Fund	Appropriations and Carry Over Encumbrances Posted to the UAN system for 2000	Approved Appropriations for 2000	Variance
General Fund	\$94,299	\$69,947	\$24,352
Motor Vehicle License Fund	12,639	12,479	160
Gasoline Tax Fund	74,408	72,908	1,500
Road and Bridge Fund	15,407	12,916	2,491
Capital Projects Fund	8,606	10,465	(1,859)

Fund	Appropriations and Carry Over Encumbrances Posted to the UAN system for 1999	Approved Appropriations for 1999	Variance
General Fund	\$70,900	\$60,745	\$10,155
Road and Bridge Fund	13,081	10,656	2,425
FEMA Fund	79	70	9

Appropriations as reported have been adjusted to reflect only those appropriations adopted by the Board, as noted in the Board's minutes, and submitted to the County Budget Commission.

We recommend the Township management review budgetary procedures for amending appropriations and file all appropriation amendments with the County Auditor in order to receive certification from the County Auditor that appropriations do not exceed estimated resources.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**RICH HILL TOWNSHIP**

**MUSKINGUM 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  
AUGUST 30, 2001**