



**Auditor of State
Betty Montgomery**

**RANGE TOWNSHIP
MADISON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Range Township, Madison County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001. 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 of the Township as of December 31, 2002, and December 31, 2001, 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 May 5, 2003, 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.

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Range Township
Madison County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

May 5, 2003

**RANGE TOWNSHIP
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Local Taxes	\$22,001	\$59,474	\$0	\$81,475
Intergovernmental	31,848	61,203	0	93,051
Licenses, Permits, and Fees	0	6,300	0	6,300
Earnings on Investments	751	885	41	1,677
Other Revenue	1,797	9,164	0	10,961
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	56,397	137,026	41	193,464
Cash Disbursements:				
Current:				
General Government	65,898	0	0	65,898
Public Safety	0	14,584	0	14,584
Public Works	731	46,803	0	47,534
Health	200	21,654	0	21,854
Debt Service:				
Redemption of Principal	0	3,773	0	3,773
Interest and Fiscal Charges	0	914	0	914
Capital Outlay	0	12,209	0	12,209
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	66,829	99,937	0	166,766
Total Receipts Over/(Under) Disbursements	(10,432)	37,089	41	26,698
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	38,871	69,021	1,148	109,040
Fund Cash Balances, December 31	<hr/> \$28,439 <hr/>	<hr/> \$106,110 <hr/>	<hr/> \$1,189 <hr/>	<hr/> \$135,738 <hr/>

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

**RANGE TOWNSHIP
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Local Taxes	\$21,858	\$59,652	\$0	\$81,510
Intergovernmental	60,750	73,280	0	134,030
Licenses, Permits, and Fees	0	7,150	0	7,150
Earnings on Investments	2,181	1,494	47	3,722
Other Revenue	3,850	5,714	0	9,564
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	88,639	147,290	47	235,976
Cash Disbursements:				
Current:				
General Government	59,373	0	0	59,373
Public Safety	0	15,531	0	15,531
Public Works	729	55,248	0	55,977
Health	12,920	21,607	0	34,527
Debt Service:				
Redemption of Principal	0	12,066	0	12,066
Interest and Fiscal Charges	0	4,537	0	4,537
Capital Outlay	0	26,844	0	26,844
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	73,022	135,833	0	208,855
Total Receipts Over Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	15,617	11,457	47	27,121
Other Financing Receipts :				
Sale of Fixed Assets	<hr/>	<hr/>	<hr/>	<hr/>
	0	6,300	0	6,300
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	15,617	17,757	47	33,421
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	23,254	51,264	1,101	75,619
Fund Cash Balances, December 31	<hr/> \$38,871 <hr/>	<hr/> \$69,021 <hr/>	<hr/> \$1,148 <hr/>	<hr/> \$109,040 <hr/>

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

**RANGE TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Range Township, Madison County, Ohio, (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, road and bridge maintenance, cemetery operations and maintenance and fire protection. The Sterling Joint Ambulance District provides the Township with emergency and medical 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. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. 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:

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

**RANGE TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

3. Fiduciary Fund (Trust Fund)

This fund is used to account for resources restricted by a legally binding trust agreement. The Township had the following fiduciary fund:

Cemetery Bequest Fund (Non-Expendable Trust) – This fund receives restricted donations. Interest earned may be used to maintain graves in the cemetery.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township does not encumber when commitments are made but does provide certification and encumbers at the time of payment through the use of then and now certificates.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. 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.

**RANGE TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$84,738	\$58,040
Certificates of deposit	51,000	51,000
Total deposits	\$135,738	\$109,040

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,389	\$56,397	\$5,008
Special Revenue	122,863	137,026	14,163
Fiduciary	30	41	11
Total	\$174,282	\$193,464	\$19,182

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$80,000	\$66,829	\$13,171
Special Revenue	165,000	99,937	65,063
Total	\$245,000	\$166,766	\$78,234

**RANGE TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,062	\$88,639	\$18,577
Special Revenue	132,671	153,590	20,919
Fiduciary	50	47	(3)
Total	\$202,783	\$242,276	\$39,493

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$87,518	\$73,022	\$14,496
Special Revenue	176,524	135,833	40,691
Total	\$264,042	\$208,855	\$55,187

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

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. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Note Payable	\$12,729	5.75%

The outstanding note at December 31, 2002 was issued for the purpose of purchasing a pickup truck for the fire department.

**RANGE TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT (Continued)

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

	<u>Note Payable</u>
Year ending December 31:	
2003	\$4,677
2004	4,677
2005	4,677
Total	<u><u>\$14,031</u></u>

6. CAPITAL LEASE

In 1997, the township entered into a lease purchase agreement with Emergency One, Inc. for the purchase of a Fire Truck. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2002.

	<u>Fire Truck</u>
Year ending December 31:	
2003	\$11,926
2004	11,926
2005	11,926
2006	11,926
Total minimum lease payments	<u><u>\$47,704</u></u>
Less: amount representing interest	(6,208)
Present value of minimum lease payments	<u><u>\$41,496</u></u>

Under the Township's basis of accounting these assets are not reflected on the accompanying financial statements

7. RETIREMENT SYSTEM

Township 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.

**RANGE TOWNSHIP
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RETIREMENT SYSTEM (Continued)

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 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2722.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Township also provides health insurance coverage to the elected officials and full-time employees through private carriers.

9. JOINTLY GOVERNED ORGANIZATION

The Sterling Joint Ambulance District (the District) provides ambulance services within the District. The District is directed by an appointed eight-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are Stokes Township, Village of South Solon, Range Township, Village of Midway, Pleasant Township, Village of Mount Sterling, Darby Township, and Monroe Township.



**Auditor of State
Betty Montgomery**

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Range Township, Madison County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated May 5, 2003. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 5, 2003.

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 other 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 May 5, 2003.

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Range Township
Madison County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

May 5, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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Facsimile 614-466-4490

RANGE TOWNSHIP

MADISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 3, 2003**