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1907 Grand Central Ave.  
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1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358



Certified Public Accountants, A.C.

**RICHLAND TOWNSHIP  
LOGAN COUNTY  
Regular Audit**

**For the Years Ended December 31, 2016 and 2015**

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Board of Trustees  
Richland Township  
P.O. Box 95  
Belle Center, Ohio 43310

We have reviewed the *Independent Auditor's Report* of the Richland Township, Logan County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Richland Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 22, 2017

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**RICHLAND TOWNSHIP  
LOGAN COUNTY**

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## Independent Auditor's Report

May 19, 2017

Richland Township  
Logan County  
PO Box 95  
Belle Center, Ohio 43310

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**, Logan County, (the Township) as of and for the years ended December 31, 2016 and 2015.

### ***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 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, 2016 and 2015, 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 combined cash balances of Richland Township, Logan County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements 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 May 19, 2017, 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  
LOGAN COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 74,366	\$ 144,238	\$ -	\$ 218,604
Charges for Services	-	3,076	-	3,076
Licenses, Permits and Fees	12,417	12,551	-	24,968
Intergovernmental	28,245	127,339	35,435	191,019
Special Assessment	-	2,364	-	2,364
Earnings on Investments	360	191	-	551
Miscellaneous	10,708	21,084	-	31,792
<i>Total Cash Receipts</i>	<u>126,096</u>	<u>310,843</u>	<u>35,435</u>	<u>472,374</u>
<b>Cash Disbursements</b>				
Current:				
General Government	122,016	-	-	122,016
Public Safety	-	104,595	-	104,595
Public Works	-	126,019	-	126,019
Health	5,674	49,122	-	54,796
Conservation-Recreation	4,596	66	-	4,662
Capital Outlay	80	8,791	35,435	44,306
Debt Service:				
Principal Retirement	-	24,718	-	24,718
Interest and Fiscal Charges	-	1,757	-	1,757
<i>Total Cash Disbursements</i>	<u>132,366</u>	<u>315,068</u>	<u>35,435</u>	<u>482,869</u>
<i>Net Change in Fund Cash Balances</i>	<u>(6,270)</u>	<u>(4,225)</u>	<u>-</u>	<u>(10,495)</u>
<i>Fund Cash Balances, January 1</i>	<u>8,642</u>	<u>379,598</u>	<u>-</u>	<u>388,240</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	375,373	-	375,373
Unassigned	2,372	-	-	2,372
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,372</u>	<u>\$ 375,373</u>	<u>\$ -</u>	<u>\$ 377,745</u>

The accompanying notes are an integral part of the financial statements.



RICHLAND TOWNSHIP  
LOGAN COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
PRIVATE PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

<b>Operating Cash Disbursements:</b>	
Purchased Services	\$ -
<i>Total Operating Cash Disbursements</i>	<u>-</u>
Operating Income/(Loss)	-
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	<u>-</u>
<i>Total Non-Operating Cash Receipts</i>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	-
<i>Fund Cash Balances, January 1</i>	<u>1,618</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 1,618</u></u>

The accompanying notes are an integral part of the financial statements.

**RICHLAND TOWNSHIP  
LOGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 72,506	\$ 142,593	\$ -	\$ 215,099
Charges for Services	-	15,776	-	15,776
Licenses, Permits and Fees	11,397	9,649	-	21,046
Intergovernmental	32,017	133,269	18,152	183,438
Special Assessment	-	1,380	-	1,380
Earnings on Investments	302	115	-	417
Miscellaneous	14,675	51,877	-	66,552
<i>Total Cash Receipts</i>	<u>130,897</u>	<u>354,659</u>	<u>18,152</u>	<u>503,708</u>
<b>Cash Disbursements</b>				
Current:				
General Government	127,659	-	-	127,659
Public Safety	-	75,402	-	75,402
Public Works	-	132,305	-	132,305
Health	17,550	19,194	-	36,744
Conservation-Recreation	5,878	1,709	-	7,587
Capital Outlay	1,122	17,920	18,152	37,194
Debt Service:				-
Principal Retirement	-	11,409	-	11,409
Interest and Fiscal Charges	-	1,969	-	1,969
<i>Total Cash Disbursements</i>	<u>152,209</u>	<u>259,908</u>	<u>18,152</u>	<u>430,269</u>
<i>Net Change in Fund Cash Balances</i>	<u>(21,312)</u>	<u>94,751</u>	<u>-</u>	<u>73,439</u>
<i>Fund Cash Balances, January 1</i>	<u>29,954</u>	<u>284,777</u>	<u>-</u>	<u>314,731</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	379,528	-	379,528
Unassigned	8,642	-	-	8,642
<i>Fund Cash Balances, December 31</i>	<u>\$ 8,642</u>	<u>\$ 379,528</u>	<u>\$ -</u>	<u>\$ 388,170</u>

The accompanying notes are an integral part of the financial statements.

RICHLAND TOWNSHIP  
LOGAN COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
PRIVATE PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Operating Cash Disbursements:</b>	
Purchased Services	\$ -
<i>Total Operating Cash Disbursements</i>	<u>-</u>
Operating Income/(Loss)	-
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	<u>1</u>
<i>Total Non-Operating Cash Receipts</i>	<u>1</u>
<i>Net Change in Fund Cash Balances</i>	1
<i>Fund Cash Balances, January 1</i>	<u>1,617</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 1,618</u></u>

The accompanying notes are an integral part of the financial statements.

**RICHLAND TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Richland Township, Logan County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance and emergency fire services.

The Township is associated with one jointly-governed organization, the B.M.R.T. Regional Ambulance District. The District is directed by an appointed four-member Board of Trustees. One member is appointed by each political subdivision within the District. Those Subdivisions include McDonald, Richland, & Taylor Creek Townships and the Village of Belle Center.

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool

OTARMA – a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”).

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 balances (regulatory cash basis) for all proprietary and 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*** This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

***Fire District Fund*** This fund receives property tax money from two special fire levies to help cover the cost of fire protection.

**RICHLAND TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(CONTINUED)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Capital Projects Funds** These funds account for receipts restricted to acquiring or constructing major Capital projects (except those financed through enterprise or trust funds). The Township had the following Capital Project Funds:

**Public Works Projects Fund** – The fund records Logan County sales tax money and Issue 2 money (every 4 years) spent on behalf of the Township for constructing, maintaining and repairing Township roads.

**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 of the Township Cemetery.

***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***

**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. Appropriations lapse at year-end.

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

**Encumbrances** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2016 and 2015 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.

RICHLAND TOWNSHIP  
LOGAN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(CONTINUED)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***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  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(CONTINUED)**

**Note 3 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 130,970	\$ 126,096	\$ (4,874)
Special Revenue	327,289	310,843	(16,446)
Capital Projects	31,646	35,435	3,789
Total	\$ 489,905	\$ 472,374	\$ (17,531)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 139,600	\$ 132,366	\$ 7,234
Special Revenue	596,200	315,068	281,132
Capital Projects	31,600	35,435	(3,835)
Fiduciary	2	-	2
Total	\$ 767,402	\$ 482,869	\$ 284,533

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 126,661	\$ 130,897	\$ 4,236
Special Revenue	402,931	354,659	(48,272)
Capital Projects	24,500	18,152	(6,348)
Fiduciary	1	1	-
Total	\$ 554,093	\$ 503,709	\$ (50,384)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 156,324	\$ 152,209	\$ 4,115
Special Revenue	563,429	259,908	303,521
Capital Projects	24,500	18,152	6,348
Fiduciary	319	-	319
Total	\$ 744,572	\$ 430,269	\$ 314,303

**RICHLAND TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(CONTINUED)**

**Note 4 – Deposits**

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

	<u>2016</u>	<u>2015</u>
Demand Deposits	<u>\$379,363</u>	<u>\$389,788</u>
Total Deposits	<u>\$379,363</u>	<u>\$389,788</u>

Deposits are collateralized by the financial institution's public entity deposit pool.

**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.

**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, 2015, 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.



**RICHLAND TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(CONTINUED)**

**Note 6 – Risk Management (Continued)**

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, 2015 and 2014 (the latest information available):

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$7,000.

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.

<u>Contributions to OTARMA</u>	
<u>2016</u>	<u>2015</u>
\$13,433	\$13,918

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***

One full-time, one part-time and the elected officials in the Township 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, 2016.

**RICHLAND TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(CONTINUED)**

**Note 8 – Debt**

The Township paid off the prior audit outstanding debt issuance for a Ford F-550 Dump Truck in September 2016.

There was no debt outstanding as of December 31, 2016.



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

May 19, 2017

Richland Township  
Logan County  
PO Box 95  
Belle Center, OH 43310

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**, Logan County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated May 19, 2017 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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***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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 19, 2017.

***Entity's Response to Findings***

The Entity's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Entity's response and, accordingly, we express no opinion on it.

***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  
LOGAN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Material Weakness**

**Posting Receipts, Disbursements & Fund Balances**

The Township should have procedures and controls in place to help prevent and detect errors in financial reporting.

During 2016 and 2015, receipts, disbursements and fund balances were not always classified correctly. The following errors were noted:

- Property tax rollback receipts were recorded to Property Taxes instead of Intergovernmental receipts in the General, Road and Bridge and Fire District funds in 2016.
- Department of Public Safety receipts were recorded as miscellaneous revenues instead of intergovernmental receipts in the Gasoline Tax Fund in 2015.
- During 2016 and 2015, debt payments on the Ford F-550 truck were not properly allocated between Principal Retirement and Interest and Other Fiscal Charges.
- A Private Purpose Trust Fund was misclassified and should be a Special Revenue Fund since the money can be used for general cemetery maintenance and expansion.

Not posting receipts, disbursements and fund balances accurately resulted in the financial statements requiring adjustments and reclassifications. The financial statements reflect all reclassifications.

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

We recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt accounts and posting of receipts and disbursements.

**Management's Response** – Too much confusion – One year the State has a request on Cemetery Funds. Next year the audit committee requests to move it back.

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# Dave Yost • Auditor of State

**RICHLAND TOWNSHIP**

**LOGAN 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 6, 2017**