



OHIO AUDITOR OF STATE  
**KEITH FABER**





**RICHLAND TOWNSHIP  
GUERNSEY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2023 .....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Fiduciary Fund Types – For the Year Ended December 31, 2023 .....	6
Notes to the Financial Statements – For the Year Ended December 31, 2023 .....	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2022 .....	15
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Fiduciary Fund Types – For the Year Ended December 31, 2022 .....	16
Notes to the Financial Statements – For the Year Ended December 31, 2022 .....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	25
Schedule of Findings.....	27

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Richland Township  
Guernsey County  
199 Richland Street  
PO Box 27  
Senecaville, Ohio 43780

To the Board of Trustees:

### **Report on the Audit of the Financial Statements**

#### ***Unmodified, Qualified and Adverse Opinions***

We have audited the financial statements of Richland Township, Guernsey County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 1.

#### ***Additional Opinion Qualification on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the Private Purpose Trust fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes of Richland Township, Guernsey County, Ohio in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 1.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2023 and 2022, or the changes in financial position thereof for the years then ended.

***Basis for Opinions***

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

***Basis for Additional Opinion Qualification***

We were unable to obtain sufficient appropriate audit evidence supporting the balance of the Township's private purpose trust fiduciary fund of \$1,108 which represents 100% of the fiduciary fund balances as of December 31, 2023 and 2022. Without maintaining the trust agreements to support this fund classification, we were unable to determine whether these amounts were bequeathed to hold in perpetuity for an individual or the cemetery overall. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2025, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 20, 2025

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**RICHLAND TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$68,308	\$325,391	\$393,699
Charges for Services	0	5,112	5,112
Licenses, Permits and Fees	3,150	2,100	5,250
Intergovernmental	21,912	176,278	198,190
Earnings on Investments	33	40	73
Miscellaneous	26,824	17,991	44,815
<i>Total Cash Receipts</i>	<u>120,227</u>	<u>526,912</u>	<u>647,139</u>
<b>Cash Disbursements</b>			
Current:			
General Government	73,176	78,958	152,134
Public Safety	0	72,499	72,499
Public Works	0	408,776	408,776
Health	0	82,896	82,896
Conservation-Recreation	9,609	0	9,609
Capital Outlay	6,600	77,950	84,550
Debt Service:			
Principal Retirement	7,382	0	7,382
Interest and Fiscal Charges	447	0	447
<i>Total Cash Disbursements</i>	<u>97,214</u>	<u>721,079</u>	<u>818,293</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>23,013</u>	<u>(194,167)</u>	<u>(171,154)</u>
<b>Other Financing Receipts</b>			
Loans Issued	0	71,550	71,550
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>71,550</u>	<u>71,550</u>
<i>Net Change in Fund Cash Balances</i>	23,013	(122,617)	(99,604)
<i>Fund Cash Balances, January 1</i>	<u>83,265</u>	<u>631,225</u>	<u>714,490</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$106,278</u></u>	<u><u>\$508,608</u></u>	<u><u>\$614,886</u></u>

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

**RICHLAND TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Private Purpose Trust</u>
<i>Net Change in Fund Cash Balances</i>	\$0
<i>Fund Cash Balances, January 1</i>	<u>1,108</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,108</u></u>

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

# **Richland Township, Guernsey County, Ohio**

## **Notes to the Financial Statements**

### **For the Year Ended December 31, 2023**

#### 1. Summary of Significant Accounting Policies

##### A. Description of the entity

The constitution and laws of the State of Ohio establish the rights and privileges of Richland Township, Guernsey County, (the Township) as a body corporate and public. A public elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Senecaville to provide fire protection and the Village of Lore City and the Village of Quaker City to provide fire protection and ambulance services. The Township also contracts with the Village of Senecaville for Police services for the Senecaville Cemetery.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. This organization is:

##### Public Entity Risk Pool:

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio local government. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contribution to fund OTARMA. OTARMA pays Judgements, settlements, and other expenses resulting from covered claims exceeding the member's deductible. Note 7 to the financial statements provides additional information for this entity.

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

##### B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provision of Ohio Revised Code 117.38 and Ohio Administrative Code 117-2-03(C). This basis is similar to the Cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes when 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 provision of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03 (C) permit.

##### C. Deposits and Investments

The Township 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, Guernsey County, Ohio**

## **Notes to the Financial Statements**

### **For the Year Ended December 31, 2023 (Continued)**

#### **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 accounts for and reports all financial resources not accounted for and reported in another fund.

##### **2. Special Revenue Funds**

These funds account for and report 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 has the following significant Special Revenue Funds:

- a. MVL Fund- This fund receives license plate revenue to pay for constructing, maintaining, and repairing Township roads.
- b. Gasoline Fund – This fund receives gasoline tax monies to pay for constructing, maintaining, and repairing Township roads.
- c. Road and Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.
- d. Cemetery Fund – This fund receives property tax monies to pay for the upkeep of the Township’s cemeteries.
- e. Permissive MVL Tax Fund – This fund receives permissive MVL tax monies for constructing, maintaining, and repairing Township roads.
- f. Unclaimed Fund – Unclaimed monies that are non-spendable.
- g. Road Improvement Fund – The Township passed a 1 mill levy in November 2016 and began receiving revenue in 2017 for the purpose of dust control and road maintenance.
- h. American Rescue Fund - These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for use in local fiscal recovery.

##### **3. Permanent Funds**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting governments program (for the benefit of the government of its citizenry). The Township had the following significant permanent funds:

- a. Lucinda- Lowry Trust Fund – This fund receives interest earned on the non-expendable corpus from a trust agreement. These earnings are used for general maintenance and upkeep of the cemetery.
- b. Lowry-Moss Trust Fund – This fund receives interest earned on the non-expendable corpus from a trust agreement. These earnings are used for general maintenance and upkeep of the cemetery.

## **Richland Township, Guernsey County, Ohio**

### **Notes to the Financial Statements**

#### **For the Year Ended December 31, 2023 (Continued)**

The Township has a Cemetery Endowment Fund; however trust agreements were not available to support the permanent fund classification.

#### **E. Budgetary Process**

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

##### Appropriation

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

##### Estimated Resources

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

##### Encumbrances

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

#### **F. Fund Balance**

Fund balance is divided into five classifications based on primarily on the extent to which the Township must observe constraints imposed upon the use of its government-fund resources. The classifications are as follows:

- a. Non-spendable – The Township classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.
- b. 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 law or regulations of other governments; or is imposed by law through constitutional provisions.
- c. 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.
- d. Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts represent intended uses established by the Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**Richland Township, Guernsey County, Ohio**

**Notes to the Financial Statements**

**For the Year Ended December 31, 2023 (Continued)**

- e. 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 the purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balances, committed amounts are reduced first followed by assigned, then unassigned amounts when expenditures are incurred for the purposes for which amounts in any of the unrestricted fund balance classification could be used.

**G. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Deposits and Investments**

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

	<u>2023</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$614,886
Certificates of deposit	<u>1,108</u>
Total deposits	<u>615,994</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

# Richland Township, Guernsey County, Ohio

## Notes to the Financial Statements

### For the Year Ended December 31, 2023 (Continued)

#### 3. Compliance

Contrary to Ohio law, the Township failed to adopt permanent appropriations, therefore budgetary expenditures exceeded appropriation authority in the General fund and Special Revenue Funds by \$74,676 and \$722,852, respectively, for the year ended December 31, 2023.

#### 4. Budgetary Activity

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$88,457	\$120,227	\$31,770
Special Revenue	481,170	598,462	117,292
Total	<u>\$570,735</u>	<u>\$718,689</u>	<u>\$147,954</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$22,928	\$97,604	(\$74,676)
Special Revenue	0	722,852	(722,852)
Total	<u>\$22,928</u>	<u>\$820,456</u>	<u>(\$797,528)</u>

#### 5. Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by February 22. If the property owner elects to pay semiannually, the first half is due February 22. 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.

#### 6. Retirement Systems

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

# Richland Township, Guernsey County, Ohio

## Notes to the Financial Statements

### For the Year Ended December 31, 2023 (Continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

#### 7. Risk Pool Membership

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

The Township insure against injuries to employees through the Ohio Bureau of Workers Compensation.

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 township'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

#### Contributions to OTARMA:

2023	\$9,371.00
2022	\$8,840.00
2021	\$6,239.00
2020	\$6,239.00
2019	\$5,648.00
2018	\$5,660.00
2017	\$5,513.00
2016	\$5,494.00
2015	\$5,486.00
2014	\$4,697.00

After completing one year of membership, a member may withdraw on the anniversary 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



**Richland Township, Guernsey County, Ohio**

**Notes to the Financial Statements**

**For the Year Ended December 31, 2023 (Continued)**

contribution, minus the 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.

	<u>2023</u>
Cash and investments	\$ 33,494,457
Actuarial liabilities	\$ 10,885,549

8. Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
PNC Finance	\$7,647	10%
KS State Bank	<u>71,550</u>	5.95%
Total	<u><u>\$79,197</u></u>	

The Township has entered into financed purchases agreements for a vehicle and backhoe where ownership of the underlying asset transfers to the Township by the end of the contract. The Township disbursed \$15,658 to pay these costs for the fiscal year ended December 31, 2023.

***Amortization***

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

Year Ending <u>December 31:</u>	<u>PNC Finance</u>	<u>KS State Bank</u>
2024	\$7,829	\$26,743
2025		26,743
2026		<u>26,743</u>
Total	<u><u>\$7,829</u></u>	<u><u>\$80,229</u></u>

9. Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

**Richland Township, Guernsey County, Ohio**

**Notes to the Financial Statements**

**For the Year Ended December 31, 2023 (Continued)**

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	<u>389</u>	<u>1,772</u>	<u>2,161</u>
Total	<u>\$389</u>	<u>\$1,772</u>	<u>\$2,161</u>

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

**RICHLAND TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$68,556	\$328,106	\$396,662
Licenses, Permits and Fees	4,583	9,659	14,242
Intergovernmental	21,660	250,455	272,115
Earnings on Investments	29	50	79
Miscellaneous	22,157	36,283	58,440
<i>Total Cash Receipts</i>	<u>116,985</u>	<u>624,553</u>	<u>741,538</u>
<b>Cash Disbursements</b>			
Current:			
General Government	126,291	68,571	194,862
Public Safety	0	65,001	65,001
Public Works	0	381,275	381,275
Health	0	62,855	62,855
Conservation-Recreation	9,301	0	9,301
Capital Outlay	0	35,500	35,500
Debt Service:			
Principal Retirement	7,041	0	7,041
Interest and Fiscal Charges	787	0	787
<i>Total Cash Disbursements</i>	<u>143,420</u>	<u>613,202</u>	<u>756,622</u>
<i>Net Change in Fund Cash Balances</i>	(26,435)	11,351	(15,084)
<i>Fund Cash Balances, January 1</i>	<u>109,700</u>	<u>619,874</u>	<u>729,574</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$83,265</u></u>	<u><u>\$631,225</u></u>	<u><u>\$714,490</u></u>

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

**RICHLAND TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Private Purpose Trust</u>
<i>Net Change in Fund Cash Balances</i>	\$0
<i>Fund Cash Balances, January 1</i>	<u>1,108</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,108</u></u>

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

# **Richland Township, Guernsey County, Ohio**

## **Notes to the Financial Statements**

### **For the Year Ended December 31, 2022**

#### 1. Summary of Significant Accounting Policies

##### A. Description of the entity

The constitution and laws of the State of Ohio establish the rights and privileges of Richland Township, Guernsey County, (the Township) as a body corporate and public. A public elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Senecaville to provide fire protection and the Village of Lore City and the Village of Quaker City to provide fire protection and ambulance services. The Township also contracts with the Village of Senecaville for Police services for the Senecaville Cemetery.

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##### Public Entity Risk Pool:

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

##### B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provision of Ohio Revised Code 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the Cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes when 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 provision of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03 (D) permit.

##### C. Deposits and Investments

The Township 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, Guernsey County, Ohio**

### **Notes to the Financial Statements**

#### **For the Year Ended December 31, 2022 (Continued)**

##### **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 accounts for and reports all financial resources not accounted for and reported in another fund.

###### **2. Special Revenue Funds**

These funds account for and report 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 has the following significant Special Revenue Funds:

- a. MVL Fund- This fund receives license plate revenue to pay for constructing, maintaining, and repairing Township roads.
- b. Gasoline Fund – This fund receives gasoline tax monies to pay for constructing, maintaining, and repairing Township roads.
- c. Road and Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.
- d. Cemetery Fund – This fund receives property tax monies to pay for the upkeep of the Township’s cemeteries.
- e. Permissive MVL Tax Fund – This fund receives permissive MVL tax monies for constructing, maintaining, and repairing Township roads.
- f. Unclaimed Fund – Unclaimed monies that are non-spendable.
- g. Road Improvement Fund – The Township passed a 1 mill levy in November 2016 and began receiving revenue in 2017 for the purpose of dust control and road maintenance.
- h. American Rescue Fund - These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for use in local fiscal recovery.

###### **3. Permanent Funds**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting governments program (for the benefit of the government of its citizenry). The Township had the following significant permanent funds:

- a. Lucinda- Lowry Trust Fund – This fund receives interest earned on the non-expendable corpus from a trust agreement. These earnings are used for general maintenance and upkeep of the cemetery.
- b. Lowry-Moss Trust Fund – This fund receives interest earned on the non-expendable corpus from a trust agreement. These earnings are used for general maintenance and upkeep of the cemetery.

## **Richland Township, Guernsey County, Ohio**

### **Notes to the Financial Statements**

#### **For the Year Ended December 31, 2022 (Continued)**

The Township has a Cemetery Endowment Fund; however trust agreements were not available to support the permanent fund classification.

#### **E. Budgetary Process**

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

##### Appropriation

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

##### Estimated Resources

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

##### Encumbrances

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

#### **F. Fund Balance**

Fund balance is divided into five classifications based on primarily on the extent to which the Township must observe constraints imposed upon the use of its government-fund resources. The classifications are as follows:

- a. Non-spendable – The Township classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.
- b. 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 law or regulations of other governments; or is imposed by law through constitutional provisions.
- c. 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.
- d. Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts represent intended uses established by the Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**Richland Township, Guernsey County, Ohio**

**Notes to the Financial Statements**

**For the Year Ended December 31, 2022 (Continued)**

- e. 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 the purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balances, committed amounts are reduced first followed by assigned, then unassigned amounts when expenditures are incurred for the purposes for which amounts in any of the unrestricted fund balance classification could be used.

**G. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Deposits and Investments**

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

	<u>2022</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$714,490
Certificates of deposit	<u>1,108</u>
Total deposits	<u>715,598</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.



# Richland Township, Guernsey County, Ohio

## Notes to the Financial Statements

### For the Year Ended December 31, 2022 (Continued)

#### 3. Compliance

Contrary to Ohio law, the Township failed to maintain supporting documentation for permanent appropriations, therefore budgetary expenditures exceeded appropriation authority in the General fund and Special Revenue Funds by \$128,920 and \$616,245, respectively, for the year ended December 31, 2022.

#### 4. Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$84,273	\$116,985	\$32,712
Special Revenue	552,334	624,553	72,219
Total	<u>\$636,607</u>	<u>\$741,538</u>	<u>\$104,931</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$15,000	\$143,920	(\$128,920)
Special Revenue	0	616,245	(616,245)
Total	<u>\$15,000</u>	<u>\$760,165</u>	<u>(\$745,165)</u>

#### 5. Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by February 22. If the property owner elects to pay semiannually, the first half is due February 22. 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, Guernsey County, Ohio**

**Notes to the Financial Statements**

**For the Year Ended December 31, 2022 (Continued)**

6. Retirement Systems

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

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

7. Risk Pool Membership

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

The Township insure against injuries to employees through the Ohio Bureau of Workers Compensation.

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 township'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

Contributions to OTARMA:

2022	\$8,840.00
2021	\$6,239.00
2020	\$6,239.00
2019	\$5,648.00
2018	\$5,660.00
2017	\$5,513.00
2016	\$5,494.00

**Richland Township, Guernsey County, Ohio**

**Notes to the Financial Statements**

**For the Year Ended December 31, 2022 (Continued)**

2015	\$5,486.00
2014	\$4,697.00

After completing one year of membership, a member may withdraw on the anniversary 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 contribution, minus the 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.

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

8. Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
PNC Finance	\$22,410	10%
Total	<u>\$22,410</u>	

The Township has entered into financed purchases agreements for a vehicle where ownership of the underlying asset transfers to the Township by the end of the contract. The Township disbursed \$15,658 to pay these costs for the fiscal year ended December 31, 2022.

***Amortization***

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

<u>Year Ending December 31:</u>	<u>PNC Finance</u>
2023	\$15,658
2024	7,829
Total	<u>\$23,487</u>

9. Fund Balance

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpended corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

**Richland Township, Guernsey County, Ohio**

**Notes to the Financial Statements**

**For the Year Ended December 31, 2022 (Continued)**

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	501	3,043	3,544
Total	<u>\$501</u>	<u>\$3,043</u>	<u>\$3,544</u>

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

10. Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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800-282-0370

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

Richland Township  
Guernsey County  
199 Richland Street  
PO Box 27  
Senecaville, Ohio 43780

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Richland Township, Guernsey County, Ohio (the Township), and have issued our report thereon dated May 20, 2025, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as fund balance as of December 31, 2023 and 2022 for the private purpose trust fiduciary fund.

### ***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001 through 2023-005 that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as item 2023-001 and 2023-002.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

May 20, 2025

**RICHLAND TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2023-001**

**Material Weakness and Noncompliance**

**Ohio Rev. Code § 5705.38** requires the taxing authority of each subdivision of other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April.

The Township failed to approve permanent appropriations for the year ending December 31, 2023. Additionally, while we noted the Township approved appropriations for the year ending December 31, 2022 on April 6, 2022 (after the due date of April 1st), the Township failed to maintain supporting documentation of approved appropriations.

Failure to have adequate appropriations in place at the time expenditures are made could result in expenditures exceeding available resources, further resulting in deficit spending practices.

The Township should draft, approve, and implement procedures over budgetary compliance and budgetary activity. The Fiscal Officer should adopt annual permanent appropriations at the appropriate legal level of control by the required date as indicated in the Ohio Revised Code and maintain supporting documentation. The Township should compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the County should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amended to the appropriation resolution should be passed by the Trustees to reduce the appropriations. Finally, expenditures made should be compared to approved appropriations to ensure expenditures are not exceeding appropriations as to reduce the risk of overspending that could result in deficit balances.

**FINDING NUMBER 2023-002**

**Material Weakness and Noncompliance**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, and lack of clear documentation of the appropriation measures approved by the Board of Trustees, the Township's General Fund had expenditures in excess of appropriations in total of \$74,676 and \$128,920, as of December 31, 2023 and 2022, respectively, and the Township's Special Revenue Funds had expenditures in excess of appropriations in total of \$722,852 and \$616,245, as of December 31, 2023 and 2022, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

**RICHLAND TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022  
(Continued)**

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

**FINDING NUMBER 2023-002 (Continued)**

**Material Weakness and Noncompliance (Continued)**

The Board of Trustees should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations; formal actions should be clearly documented in the minutes. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**FINDING NUMBER 2023-003**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Board were not properly posted to the accounting system. As noted in Finding 2023-001, for 2023, the Township failed to adopt permanent appropriations, and the only supported supplemental appropriations approved were for \$22,927 in the General Fund. Also as noted in Finding 2023-001, for 2022, the Township failed to maintain documentation of approved permanent appropriations and the only supported supplemental appropriations approved were for \$15,000 in the General Fund. These errors also resulted in material misstatement of the Township's budgetary note disclosure for 2023 and 2022.

Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) were not properly posted to the accounting system. In 2022, the Fire District Fund had a variance \$36,360.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the notes to the financial statements. Adjustments, in which management as approved, are reflected in the accompanying notes to the financial statements.



**RICHLAND TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022  
(Continued)**

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

**FINDING NUMBER 2023-003 (Continued)**

**Material Weakness (Continued)**

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

**FINDING NUMBER 2023-004**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16. Furthermore, Auditor of State Bulletin 2015-007 states the notes to the financial statements, and all other components, are required to be included in the financial statements filed with the Auditor of State via the Hinkle System. The notes to the financial statements should include all pertinent information relating to the audit and be in a format that contains accurate and current information.

For the fiscal year ending December 31, 2023, the following misstatements were noted:

- The Township did not correctly classify debt payments of \$7,829 as \$7,382 as Principal Retirement and \$447 Interest and Other Fiscal Charges in the General Fund as General Government Expense
- The Township failed to report debt proceeds and the related capital outlay expense for the purchase of a backhoe in the amounts of \$17,887 in the Gasoline Tax Fund, \$17,887 in the Road & Bridge Fund, and \$35,776 in the Cemetery Fund

For the fiscal year ending December 31, 2022, the following misstatements were noted:

- The Township did not correctly classify debt payments of \$7,828 as \$7,041 as Principal Retirement and \$787 Interest and Other Fiscal Charges in the General Fund as General Government Expense
- The Township did not properly record all withholdings payments that occurred during 2022 in the Uniform Accounting Network (UAN) accounting system. These errors resulted in other adjusting factors throughout 2022 until a correction was posted by the Township in 2023 for \$1,024 to the General Fund. This resulted in expenditures of the General Fund being understated by \$1,024 in 2022.

We also noted the following material errors in the Township's notes to the financial statements:

- The Township failed to report the required Debt note disclosure for fiscal years ending December 31, 2023 and 2022
- The Township failed to report the required Fund Balance note disclosure for fiscal years ending December 31, 2023 and 2022.

Audit adjustments, with which management has agreed, are reflected in the accompanying financial statements. In addition to the adjustments listed above, we also identified immaterial differences ranging from \$767 to \$7,830 that we have brought to the Township's attention. Incorrect financial statement account classifications and balances could result in inaccurate reporting of the Township's financial information.

**RICHLAND TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2023-004 (Continued)**

**Material Weakness (Continued)**

The Fiscal Officer should exercise additional care when preparing the financial statements and classifying receipts and disbursements on the Township’s financial statements. Additionally, the Fiscal Officer should utilize the Auditor of State website to access resources to assist in accurate completion of the notes to the financial statements and ensure they include all required disclosures. The Fiscal Officer should also utilize the Ohio Township Handbook.

**FINDING NUMBER 2023-005**

**Material Weakness**

GASB Statement 54, paragraph 35 (GASB Codification 1300.108) states permanent funds should be used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s programs—that is, for the benefit of the government or its citizenry. Permanent funds do not include private-purpose trust funds, which should be used to report situations in which the government is required to use the principal or earnings for the benefit of individuals, private organizations, or other governments.

The Township presented a cemetery endowment fund as a private-purpose trust fiduciary fund, however, did not maintain original trust agreements to support the fund / account classification for financial reporting. Due to the lack of documentation, we were unable to obtain sufficient audit evidence to support the fund cash balances reported in the private-purpose trust fiduciary fund. Additionally, the notes to the financial statements were inconsistent with the financial statement presentation in that the cemetery endowment fund was described as a permanent fund.

The L. Lowry/Lowry-Moss Trust Fund represented 100% of the private-purpose trust fiduciary fund cash balances, with fund cash balances of \$1,108 at December 31, 2023 and 2022, respectively. Without the original trust agreement(s), it is not possible to determine whether the L. Lowry/Lowry-Moss should be presented as a Permanent Fund, Private Purpose Trust Fund, Special Revenue Fund, or Custodial Fund. The inability to determine if this fund balance was properly reported resulted in a modified opinion on the Township’s financial statements.

The Township should consult their Legal Counsel to determine how to proceed with the classification of these funds. This would allow the Township to utilize restricted resources for the purpose they were donated. Failure to do so could also result in modified audit opinions in future engagements. For any new trust funds received, the Township should retain copies of the documentation establishing these trust funds to identify the original principal and purpose of each Trust. In addition, the Township would be able to identify whether or not the principal must be maintained in perpetuity and whether or not the trust is to benefit the Township or other organizations, governments, or individuals. Furthermore, the Township should review Governmental Accounting Standards Board (GASB) 1300 (GASB 54 codification), Auditor of State Bulletin 2011-004, and Auditor of State Bulletin 2020-003 (GASB 84 bulletin) for fund classification guidance.

**Officials’ Response:** We did not receive a response from officials to the findings reported above.

# OHIO AUDITOR OF STATE KEITH FABER



**RICHLAND TOWNSHIP**

**GUERNSEY COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/3/2025**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)