



***RICHLAND TOWNSHIP, VINTON COUNTY***

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**Regular Audit**

**For the Fiscal Year Ended December 31, 2005**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







**Auditor of State  
Betty Montgomery**

Board of Trustees  
Richland Township  
58009 U.S. Highway 50  
McArthur, Ohio 45651

We have reviewed the *Independent Auditor's Report* of Richland Township, Vinton County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2005 through December 31, 2005. 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. Richland Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

October 31, 2006

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**Richland Township, Vinton County**  
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*For the Fiscal Year Ended December 31, 2005*

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## Independent Auditor's Report

Board of Trustees  
Richland Township  
58009 US Highway 50  
McArthur, OH 45651

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richland Township, Vinton County as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2005, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with the cash basis of accounting presented in Note 2.

As described in Note 3, during the year ended December 31, 2005, the Township has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Also as described in Note 3, during the year ended December 31, 2005, the District implemented GASB Statement Nos. 37, 38 and 40.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 22, 2006 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Board of Trustees  
Richland Township, Vinton County  
Independent Auditor's Report

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

September 22, 2006

***RICHLAND TOWNSHIP, VINTON COUNTY***  
***Management's Discussion and Analysis***  
***For the Year Ended December 31, 2005***  
***Unaudited***

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This discussion and analysis of the Richland Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statements No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Township has elected to exclude the information in this report. Subsequent reports will include the comparative information.

**Highlights**

Key highlights for 2005 are as follows:

Net assets of governmental activities decreased \$13,046, or 25 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General fund, which decreased by \$13,102 due to the payment of \$14,000 for road repairs in 2005. This fund also realized a large increase in costs due to increased miles of road surface being chip and sealed.

The Township's general receipts are primarily property taxes and gasoline taxes. These receipts represent respectively 35 and 41 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004 as development within the Township has slowed.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.



**RICHLAND TOWNSHIP, VINTON COUNTY**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2005**  
**Unaudited**

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township consists of one type of activity:

**Governmental Activities** – All of the Township's basic services are reported here, including fire, roads and cemeteries. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**RICHLAND TOWNSHIP, VINTON COUNTY**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2005**  
**Unaudited**

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**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township consist of one category: governmental.

**Governmental Funds** - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Gasoline Tax, Road and Bridge, Cemetery and FEMA Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Township as a Whole**

Table 1 provides a summary of the Government's net assets for 2005 compared to 2004 on a modified cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2005	2004
<b>Assets</b>		
Cash and Cash Equivalents	\$40,014	\$53,060
Total Assets	40,014	53,060
<b>Net Assets</b>		
<i>Restricted for:</i>		
Other Purposes	37,045	36,989
Unrestricted	2,969	16,071
Total Net Assets	\$40,014	\$53,060

***RICHLAND TOWNSHIP, VINTON COUNTY***  
***Management's Discussion and Analysis***  
***For the Year Ended December 31, 2005***  
***Unaudited***

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As mentioned previously, net assets of governmental activities decreased \$13,046 or 25 percent during 2005. The primary reasons contributing to the decreases in cash balances are as follows:

- The Township had several roads that were in very poor condition that needed extensive repairs costing in excess of \$42,000.

Table 2 reflects the changes in net assets in 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2005
<b><u>Receipts:</u></b>	
<i>Program Receipts:</i>	
Charges for Services and Sales	\$2,400
Operating Grants and Contributions	97,796
Total Program Receipts	100,196
 <i>General Receipts:</i>	
Property Taxes	67,122
Grants and Entitlements Not Restricted to Specific Programs	11,801
Interest	287
Miscellaneous	8,361
Total General Receipts	87,571
Total Receipts	187,767
 <b><u>Disbursements:</u></b>	
General Government	38,320
Public Health Services	117,609
Economic Development	16,733
Capital Outlay	28,151
Total Disbursements	200,813
 Increase (Decrease) in Net Assets	 (13,046)
 Net Assets, January 1, 2005	 53,060
Net Assets, December 31, 2005	\$40,014

***RICHLAND TOWNSHIP, VINTON COUNTY***  
***Management's Discussion and Analysis***  
***For the Year Ended December 31, 2005***  
***Unaudited***

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Program receipts represent only 53 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 47 percent of the Township's total receipts, and of this amount, over 35 percent are property taxes. State grants and entitlements make up 6 percent of the Township's total receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of council, and the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Public Safety are costs associated with fire protection and emergency services. Public Works are costs associated with maintaining Township roads.

**Governmental Activities**

If you look at the Statement of Activities on page 10 you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are public works, which account for \$117,609 or 59 percent of all governmental disbursements. General government also represents a significant cost, about 19 percent. The next column of the Statement entitled Program Receipts identify amounts from grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost Of Services	Net Cost of Services
	2005	2005
General Government	\$38,320	\$37,611
Public Works	117,609	21,733
Health	16,733	13,122
Capital Outlay	28,151	28,151
Total Expenses	\$200,813	\$100,617

The dependence upon property and other local tax receipts is apparent as over 50 percent of governmental activities are supported through these general receipts.

***RICHLAND TOWNSHIP, VINTON COUNTY***  
***Management's Discussion and Analysis***  
***For the Year Ended December 31, 2005***  
***Unaudited***

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**The Township's Funds**

Total governmental funds had receipts of \$184,130 and disbursements of \$200,813.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Final budgeted receipts for the General Fund for 2005 were \$28,312. The difference between final budgeted receipts and actual receipts was \$4,030. Most of the difference is due to an increase in real estate tax receipts.

General Fund disbursements were budgeted at \$47,214 for 2005, while actual disbursements were \$46,000. Final budgeted disbursements increased by \$2,300 from the original budgeted disbursements.

**Debt Administration**

At December 31, 2005, the Township had no outstanding debt.

**Current Issues**

The challenge for all government's is to provide quality service in roads to the public while staying within the restrictions imposed by limited and, in some cases, shrinking funding. As indicated in the preceding financial information, the Township relies heavily on local taxes and intergovernmental receipts to operate at the current level of services.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Danny Mac Minton, Fiscal Officer, Richland Township, Vinton County, 58009 U.S. Highway 50, McArthur, Ohio 45651.

***RICHLAND TOWNSHIP, VINTON COUNTY***

*Statement of Net Assets*

*December 31, 2005*

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	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$40,014</u>
<i>Total Assets</i>	<u>40,014</u>
<b><u>Net Assets:</u></b>	
<i>Restricted for:</i>	
Other Purposes	37,045
Unrestricted	<u>2,969</u>
<i>Total Net Assets</i>	<u><u>\$40,014</u></u>

See accompanying notes to the basic financial statements.

**RICHLAND TOWNSHIP, VINTON COUNTY**

*Statement of Activities*

*For the Fiscal Year Ended December 31, 2005*

	<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Program Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
			<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b><u>Governmental Activities:</u></b>				
General Government	\$38,320	\$0	\$709	(\$37,611)
Public Works	117,609	0	95,876	(21,733)
Health	16,733	2,400	1,211	(13,122)
Capital Outlay	28,151	0	0	(28,151)
<i>Total Governmental Activities</i>	<u>\$200,813</u>	<u>\$2,400</u>	<u>\$97,796</u>	<u>(100,617)</u>
<b><u>General Receipts:</u></b>				
Property Taxes				67,122
Grants and Entitlements not Restricted to Specific Programs				11,801
Earnings on Investments				287
Miscellaneous				8,361
<i>Total General Receipts</i>				<u>87,571</u>
Change in Net Assets				(13,046)
<i>Net Assets at Beginning of Year</i>				<u>53,060</u>
<i>Net Assets at End of Year</i>				<u>\$40,014</u>

See accompanying notes to the basic financial statements.

***RICHLAND TOWNSHIP, VINTON COUNTY***

*Balance Sheet  
Governmental Funds  
December 31, 2005*

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	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$2,969	\$11,319	\$6,383
<i>Total Assets</i>	<u>\$2,969</u>	<u>\$11,319</u>	<u>\$6,383</u>
<b><u>Fund Balances:</u></b>			
<i>Unreserved:</i>			
General Fund	\$2,969	\$0	\$0
Special Revenue Funds	<u>0</u>	<u>11,319</u>	<u>6,383</u>
<i>Total Fund Balances</i>	<u>\$2,969</u>	<u>\$11,319</u>	<u>\$6,383</u>

See accompanying notes to the basic financial statements.



<u>Cemetery</u>	<u>FEMA</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>\$12,202</u>	<u>\$4,659</u>	<u>\$2,482</u>	<u>\$40,014</u>
<u>\$12,202</u>	<u>\$4,659</u>	<u>\$2,482</u>	<u>\$40,014</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,969</u>
<u>12,202</u>	<u>4,659</u>	<u>2,482</u>	<u>37,045</u>
<u>\$12,202</u>	<u>\$4,659</u>	<u>\$2,482</u>	<u>\$40,014</u>

**RICHLAND TOWNSHIP, VINTON COUNTY**  
*Statement of Receipts, Disbursements and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended December 31, 2005*

	General	Gasoline Tax	Road and Bridge
<b><u>Receipts:</u></b>			
Property Taxes	\$20,331	\$0	\$22,179
Intergovernmental	11,801	77,233	2,331
Earnings on Investments	210	58	0
Miscellaneous	0	3,100	0
<i>Total Receipts</i>	<u>32,342</u>	<u>80,391</u>	<u>24,510</u>
<b><u>Disbursements:</u></b>			
<i>Current:</i>			
General Government	26,780	0	0
Public Works	15,010	61,475	22,361
Health	30	0	0
Capital Outlay	4,180	19,501	1,600
<i>Total Disbursements</i>	<u>46,000</u>	<u>80,976</u>	<u>23,961</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,658)</u>	<u>(585)</u>	<u>549</u>
<b><u>Other Financing Receipts (Disbursements):</u></b>			
Other Financing Receipts	556	0	2,089
<i>Total Other Financing Receipts (Disbursements)</i>	<u>556</u>	<u>0</u>	<u>2,089</u>
<i>Net Change in Fund Balances</i>	(13,102)	(585)	2,638
<i>Fund Balances at Beginning of Year</i>	<u>16,071</u>	<u>11,904</u>	<u>3,745</u>
<i>Fund Balances at End of Year</i>	<u><u>\$2,969</u></u>	<u><u>\$11,319</u></u>	<u><u>\$6,383</u></u>

See accompanying notes to the basic financial statements.

Cemetery	FEMA	Other Governmental Funds	Total Governmental Funds
\$13,809	\$0	\$10,803	\$67,122
1,211	2,492	14,529	109,597
0	0	19	287
2,400	0	1,624	7,124
17,420	2,492	26,975	184,130
0	0	11,540	38,320
0	5,018	13,745	117,609
16,703	0	0	16,733
0	0	2,870	28,151
16,703	5,018	28,155	200,813
717	(2,526)	(1,180)	(16,683)
496	0	496	3,637
496	0	496	3,637
1,213	(2,526)	(684)	(13,046)
10,989	7,185	3,166	53,060
\$12,202	\$4,659	\$2,482	\$40,014

**RICHLAND TOWNSHIP, VINTON COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Receipts:</u></b>				
Property Taxes	\$16,320	\$16,320	\$20,331	\$4,011
Intergovernmental	11,780	11,780	11,801	21
Earnings on Investments	212	212	210	(2)
<i>Total Receipts</i>	<u>28,312</u>	<u>28,312</u>	<u>32,342</u>	<u>4,030</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	28,435	27,963	26,780	1,183
Public Works	16,479	15,010	15,010	0
Health	0	60	30	30
Capital Outlay	0	4,180	4,180	0
<i>Total Disbursements</i>	<u>44,914</u>	<u>47,213</u>	<u>46,000</u>	<u>1,213</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(16,602)	(18,901)	(13,658)	5,243
<b><u>Other Financing Receipts (Disbursements):</u></b>				
Other Financing Receipts	530	530	556	26
<i>Total Other Financing Receipts (Disbursements)</i>	<u>530</u>	<u>530</u>	<u>556</u>	<u>26</u>
<i>Excess of Receipts and Other Financing Receipts Over (Under) Disbursements and Other Financing Disbursements</i>	(16,072)	(18,371)	(13,102)	5,269
<i>Fund Balance at Beginning of Year</i>	<u>16,072</u>	<u>16,071</u>	<u>16,071</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>(\$2,300)</u>	<u>\$2,969</u>	<u>\$5,269</u>

See accompanying notes to the basic financial statements.

**RICHLAND TOWNSHIP, VINTON COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Gasoline Tax Fund  
For the Fiscal Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Receipts:</u></b>				
Intergovernmental	\$62,962	\$62,962	\$77,233	\$14,271
Earnings on Investments	38	38	58	20
Miscellaneous	0	0	3,100	3,100
<i>Total Receipts</i>	<u>63,000</u>	<u>63,000</u>	<u>80,391</u>	<u>17,391</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Works	66,837	62,161	61,475	686
Capital Outlay	8,067	19,501	19,501	0
<i>Total Disbursements</i>	<u>74,904</u>	<u>81,662</u>	<u>80,976</u>	<u>686</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(11,904)	(18,662)	(585)	18,077
<i>Fund Balance at Beginning of Year</i>	<u>11,904</u>	<u>11,904</u>	<u>11,904</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>(\$6,758)</u>	<u>\$11,319</u>	<u>\$18,077</u>

See accompanying notes to the basic financial statements.

**RICHLAND TOWNSHIP, VINTON COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Road and Bridge Fund  
For the Fiscal Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Receipts:</u></b>				
Property Taxes	\$18,250	\$18,250	\$22,179	\$3,929
Intergovernmental	1,850	1,850	2,331	481
<i>Total Receipts</i>	<u>20,100</u>	<u>20,100</u>	<u>24,510</u>	<u>4,410</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Works	21,145	26,875	22,361	4,514
Capital Outlay	3,000	2,000	1,600	400
<i>Total Disbursements</i>	<u>24,145</u>	<u>28,875</u>	<u>23,961</u>	<u>4,914</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(4,045)	(8,775)	549	9,324
<b><u>Other Financing Receipts (Disbursements)</u></b>				
Other Financing Receipts	300	300	2,089	1,789
<i>Total Other Financing Receipts (Disbursements)</i>	<u>300</u>	<u>300</u>	<u>2,089</u>	<u>1,789</u>
<i>Excess of Receipts and Other Financing Receipts Over (Under) Disbursements and Other Financing Disbursements</i>	(3,745)	(8,475)	2,638	11,113
<i>Fund Balance at Beginning of Year</i>	<u>3,745</u>	<u>3,745</u>	<u>3,745</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>(\$4,730)</u>	<u>\$6,383</u>	<u>\$11,113</u>

See accompanying notes to the basic financial statements.

**RICHLAND TOWNSHIP, VINTON COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Cemetery Fund*  
For the Fiscal Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Receipts:</u></b>				
Property Taxes	\$10,350	\$10,350	\$13,809	\$3,459
Intergovernmental	950	950	1,211	261
Miscellaneous	1,000	1,000	2,400	1,400
<i>Total Receipts</i>	<u>12,300</u>	<u>12,300</u>	<u>17,420</u>	<u>5,120</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Works	23,289	27,531	16,703	10,828
<i>Total Disbursements</i>	<u>23,289</u>	<u>27,531</u>	<u>16,703</u>	<u>10,828</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(10,989)	(15,231)	717	15,948
<b><u>Other Financing Receipts (Disbursements):</u></b>				
Other Financing Receipts	0	0	496	496
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>496</u>	<u>496</u>
<i>Excess of Receipts and Other Financing Receipts Over (Under) Disbursements and Other Financing Disbursements</i>	(10,989)	(15,231)	1,213	16,444
<i>Fund Balance at Beginning of Year</i>	<u>10,989</u>	<u>10,989</u>	<u>10,989</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>(\$4,242)</u>	<u>\$12,202</u>	<u>\$16,444</u>

See accompanying notes to the basic financial statements.

**RICHLAND TOWNSHIP, VINTON COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
FEMA Fund  
For the Fiscal Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Receipts:</u></b>				
Intergovernmental	\$0	\$0	\$2,492	\$2,492
<i>Total Receipts</i>	<u>0</u>	<u>0</u>	<u>2,492</u>	<u>2,492</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Works	7,185	9,677	5,018	4,659
<i>Total Disbursements</i>	<u>7,185</u>	<u>9,677</u>	<u>5,018</u>	<u>4,659</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(7,185)	(9,677)	(2,526)	7,151
<i>Fund Balance at Beginning of Year</i>	<u>7,185</u>	<u>7,185</u>	<u>7,185</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>(\$2,492)</u>	<u>\$4,659</u>	<u>\$7,151</u>

See accompanying notes to the basic financial statements.



***RICHLAND TOWNSHIP, VINTON COUNTY***  
***Notes to the Financial Statements***  
***For the Year Ended December 31, 2005***

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**Note 1 – Reporting Entity**

The Richland Township, Vinton County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Township Council. The Township also has an elected Township Fiscal Officer.

The Township provides general government services, maintenance of Township roads and bridges, maintenance of cemeteries and fire and emergency service protection. The Vinton County Sheriff's Department provides the Township with protection at no cost to the Township.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk-sharing pool. Note 7 to the financial statements provide additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2 C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no Business-type activities.

**RICHLAND TOWNSHIP, VINTON COUNTY**

**Notes to the Financial Statements**

**For the Year Ended December 31, 2005**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all governmental.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Governmental funds focus on the sources, uses, and balances of current financial resources.

The following is the Township's major governmental funds:

**General Fund** – This fund is used to account for all financial resources, except those required to be accounted for 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.

**Gasoline Tax Fund** – This fund is comprised of taxes on the sale of gasoline, which is distributed to the Township based upon road mileage determined by the state. The Township uses the Gas Tax Fund for the repair and maintenance of Township roads.

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

**Cemetery Levy Fund** – This fund receives property tax money for maintaining Township cemeteries.

***RICHLAND TOWNSHIP, VINTON COUNTY***  
***Notes to the Financial Statements***  
***For the Year Ended December 31, 2005***

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**FEMA Funds** – This fund receives money from the State and Federal Emergency Management Agency to aid in repairs due to a natural disaster.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**C. Basis of Accounting**

The Township’s financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township’s financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township’s authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

***RICHLAND TOWNSHIP, VINTON COUNTY***

***Notes to the Financial Statements***

***For the Year Ended December 31, 2005***

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**Note 2 – Summary of Significant Accounting Policies** (continued)

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005, the Township had no investments.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$210, which includes \$158 assigned from other Township funds.

**F. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

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

**H. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**I. Accumulated Leave**

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

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

***RICHLAND TOWNSHIP, VINTON COUNTY***  
***Notes to the Financial Statements***  
***For the Year Ended December 31, 2005***

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for state grants reported in special revenue funds.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**M. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods.

**Note 3 – Change in Basis of Accounting**

**Change in Basis of Accounting**

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the modified cash basis of accounting described in note 2. For Fiscal Year 2005, the Township has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments," GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus," GASB Statement No. 38 "Certain Financial Statement Note Disclosures," GASB Statement No. 40, "Deposit and Investment Risk Disclosures." The implementation of GASB Statement No. 40 had some effect on the disclosure requirements, however, there was no effect on the prior period fund balances of the Township. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, the Road and Bridge Fund, the Cemetery Fund and the FEMA Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no differences between the budgetary basis and the modified cash basis.

**Note 5 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

***RICHLAND TOWNSHIP, VINTON COUNTY***  
***Notes to the Financial Statements***  
***For the Year Ended December 31, 2005***

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**Note 5 – Deposits and Investments** - (continued)

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Township name. During fiscal year 2005, the Township complied with the provisions of these statutes.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and

***RICHLAND TOWNSHIP, VINTON COUNTY***

***Notes to the Financial Statements***

***For the Year Ended December 31, 2005***

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**Note 5 – Deposits and Investments** - (continued)

9. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized ratings agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investment may be made only upon delivery of the securities representing the investments to the treasurer of qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Deposits:** Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township.

At December 31, 2005, the carrying amount of all Township deposits was \$40,014. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of December 31, 2005, none of the Township's bank balance of \$50,208 was exposed to custodial risk as discussed above while all of the Township's bank balance was covered by Federal Deposit Insurance.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

***RICHLAND TOWNSHIP, VINTON COUNTY***

***Notes to the Financial Statements***

***For the Year Ended December 31, 2005***

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**Note 6 – Property Taxes** - (continued)

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$5.60 mils per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$13,355,740
Commercial/Industrial/Mineral	374,240
Public Utility Property	
Personal	1,620,050
Tangible Personal Property	4,574,510
Total Assessed Value	<u>\$19,928,130</u>

**Note 7 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	2,000,000	Per Occurrence
Wrongful Acts	2,000,000	Per Occurrence
Property	105,200	Total Coverage
Boiler and Machinery	284,000	Limit

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

The Township provides health insurance through United Healthcare, dental insurance through Delta Dental and life insurance through Medical Mutual for the trustees and the fiscal officer.



***RICHLAND TOWNSHIP, VINTON COUNTY***

***Notes to the Financial Statements***

***For the Year Ended December 31, 2005***

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**Note 8 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 13.55 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2004 were \$2,771, \$2,755, and \$2,453, respectively. The full amount has been contributed for 2005, 2004 and 2004.

**Note 9 - Postemployment Benefits**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

***RICHLAND TOWNSHIP, VINTON COUNTY***  
***Notes to the Financial Statements***  
***For the Year Ended December 31, 2005***

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**Note 9 - Postemployment Benefits** - (continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

At December 31, 2004, the number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$1,160. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards**

Board of Trustees  
Richland Township  
58009 US Highway 50  
McArthur, OH 45651

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Richland Township, Vinton County, Ohio (the Township) , as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 22, 2006 As described in Note 3, during the year ended June 30, 2005, the Township has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, GASB Statement No. 38 *Certain Financial Statement Note Disclosures* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the Township's management in a separate letter dated September 22, 2006.

Board of Trustees  
Richland Township, Vinton County  
Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards

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

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

September 22, 2006



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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800-282-0370

Facsimile 614-466-4490

**RICHLAND TOWNSHIP**

**VINTON 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  
NOVEMBER 14, 2006**