

**RANGE TOWNSHIP
MADISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019



GUEYE & ASSOCIATES, CPA, INC.

2246 S. Hamilton Rd. Suite 102
Columbus, OH 43232

Tel: 614-342-0297
Fax: 614-423-6615
www.gueyecpa.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Range Township
11465 Danville Road
London, Ohio 43140

We have reviewed the *Independent Auditor's Report* of Range Township, Madison County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2019 through December 31, 2020. 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. Range Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 15, 2021

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**RANGE TOWNSHIP
MADISON COUNTY
DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITOR'S REPORT

Range Township
11465 Danville Rd
London, OH 43140

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total, as of and for the years ended December 31, 2020 and 2019, and related notes of Range Township, Madison County, Ohio (the Township).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code §117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2020 and 2019 and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

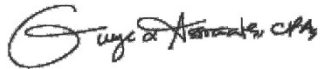
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each government fund type combined total, as of and for the years ended December 31, 2020, and for each government fund type combined total, as of and for the years ended December 31, 2019, and related notes of Range Township, Madison County, Ohio, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 10 to the 2019 financial statements and in Note 11 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Guy A. Armstrong, CPA". The signature is written in a cursive style with a large initial "G".

Columbus, Ohio
October 18, 2021

RANGE TOWNSHIP
MADISON COUNTY
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 87,410	\$ 145,429	\$ 27,970	\$ -	\$ 260,809
Charges for Services	-	25	-	-	25
Licenses, Permits and Fees	-	9,500	-	-	9,500
Intergovernmental	6,870	212,287	3,049	-	222,206
Earnings on Investments	578	-	-	4	582
Miscellaneous	20,362	10,521	-	-	30,883
<i>Total Cash Receipts</i>	<u>115,220</u>	<u>377,762</u>	<u>31,019</u>	<u>4</u>	<u>524,005</u>
Cash Disbursements					
Current:					
General Government	117,716	-	-	-	117,716
Public Safety	-	16,740	-	-	16,740
Public Works	1,245	40,918	-	-	42,163
Health	-	36,245	-	-	36,245
Other	-	27,829	590	-	28,419
Capital Outlay	-	48,878	-	-	48,878
Debt Service:					
Principal Retirement	-	2,500	15,000	-	17,500
Interest and Fiscal Charges	-	-	19,635	-	19,635
<i>Total Cash Disbursements</i>	<u>118,961</u>	<u>173,110</u>	<u>35,225</u>	<u>-</u>	<u>327,296</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,741)</u>	<u>204,652</u>	<u>(4,206)</u>	<u>4</u>	<u>196,709</u>
<i>Net Change in Fund Cash Balances</i>	(3,741)	204,652	(4,206)	4	196,709
<i>Fund Cash Balances, January 1</i>	<u>55,723</u>	<u>334,724</u>	<u>22,256</u>	<u>1,574</u>	<u>414,277</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 51,982</u>	<u>\$ 539,376</u>	<u>\$ 18,050</u>	<u>\$ 1,578</u>	<u>\$ 610,986</u>

See accompanying notes to the basic financial statements

**RANGE TOWNSHIP
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of Range Township, Madison County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge and cemetery maintenance. The Sterling Joint Ambulance District provides the Township with emergency and medical services.

The Township participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is all organized on a fund type basis.

B. Fund Accounting

The Township uses fund accounting to segregate cash that is 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 the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

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

**RANGE TOWNSHIP
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

2. Special Revenue Funds

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

3. Debt Service Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement Fund – This fund receives property tax money for the purpose of payment on principal and interest on debt.

4. Permanent Fund

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 government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**RANGE TOWNSHIP
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgetary Process (Continued)

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2020 budgetary activity appears in Note 3.

E. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources.

The classifications are as follows:

1. Nonspendable

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**RANGE TOWNSHIP
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Balance (Continued)

3. 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2020
Demand deposits	\$209,293
Certificates of Deposit	\$61,000
Other time deposits (savings and NOW accounts)	\$278,451
Undeposited Funds	\$62,242
	=====
Total deposits	\$610,986

**RANGE TOWNSHIP
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (CONTINUED)

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$0 in unremitted employee payroll withholdings.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$103,149	\$115,220	\$ 12,071
Special Revenue	370,436	377,762	7,326
Debt Service	31,278	31,019	(259)
Permanent Fund	5	4	(1)

2020 Budgeted vs. Actual Budgetary Basis Disbursements

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$116,639	\$118,961	\$(2,322)
Special Revenue	336,250	173,110	163,140
Debt Service	41,000	35,225	5,775

4. PROPERTY TAX

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Station	\$ 315,000	5.95%
Fire Rescue Truck	25,000	0.00%
Pumper Truck	<u>67,941</u>	0.00%
Total	\$ 407,941	

**RANGE TOWNSHIP
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

5. DEBT (Continued)

The Township issued a Fire Station Bond in the amount of \$435,000 from Huntington Bank for the construction of a fire station in 2008. The bond is to be repaid in semi-annual payments over 27 years with 5.95% interest.

The Township obtained debt in the amount of \$150,000 in 2007 for the purchase of a fire truck from the State of Ohio Department of Commerce. The debt is to be repaid over 15 years with 0% interest. The Township makes quarterly payments of \$2,500.

The Township obtained debt in the amount of \$131,500 for the purchase of a new rescue vehicle from the Ohio Department of Commerce in 2012. The debt is to be repaid over 15 years with 0% interest. The Township makes quarterly payments of \$2,192.

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

	<u>Fire Station</u>	<u>Fire Rescue</u>	<u>Truck Pumper</u>
2021	\$33,743	\$10,000	\$8,767
2022	32,850	10,000	8,767
2023	31,958	5,000	8,767
2024	36,065		8,767
2025	34,875		8,767
2026-2030	170,633		24,105
2031-2035	<u>98,983</u>		
Total	\$439,105	\$25,000	\$ 67,943

6. RETIREMENT SYSTEM

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

7. POST-EMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**RANGE TOWNSHIP
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

8. RISK MANAGEMENT

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

Risk Pool Membership

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

The Pool reported the following summary of assets and actuarially measured liabilities available to pay those liabilities as of December 31 (the latest information available):

	2019
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

Note 9 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 10 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including 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 facilities effective cash planning and control. At year end, there were no encumbrances. The corpus of the permanent funds was \$1,000.

**RANGE TOWNSHIP
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township received CARES Act funding. Of the amounts received, \$5,000 was sub-granted to other governments and organizations. These amounts are reflected as Other miscellaneous expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Note 12 – NON-COMPLIANCE

Contrary to the Ohio Revised Code Section 117.38, the Township did not file its 2020 financial reports on time, and the reports filed were substantially incomplete.

Contrary to the Ohio Revised Code Section 9.38, at December 31, 2020, the Township did not timely deposit in its bank statements, nor did it record receipts totaling \$62,245 in its financial ledgers.

RANGE TOWNSHIP
MADISON COUNTY
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 54,704	\$ 124,497	\$ 26,170	\$ -	\$ 205,371
Charges for Services	-	625	-	-	625
Licenses, Permits and Fees	-	7,850	-	-	7,850
Intergovernmental	20,214	131,834	3,066	-	155,114
Earnings on Investments	1,192	-	-	4	1,196
Miscellaneous	4,489	9,027	-	-	13,516
Total Cash Receipts	80,599	273,833	29,236	4	383,672
Cash Disbursements					
Current:					
General Government	78,162	-	-	-	78,162
Public Safety	-	18,333	-	-	18,333
Public Works	710	68,900	-	-	69,610
Health	-	49,127	-	-	49,127
Other	-	-	1,456	-	1,456
Capital Outlay	-	84,457	-	-	84,457
Debt Service:					
Principal Retirement	-	18,767	15,000	-	33,767
Interest and Fiscal Charges	-	-	19,637	-	19,637
Total Cash Disbursements	78,872	239,584	36,093	-	354,549
Excess of Receipts Over (Under) Disbursements	1,727	34,249	(6,857)	4	29,123
Net Change in Fund Cash Balances	1,727	34,249	(6,857)	4	29,123
Fund Cash Balances, January 1	53,996	300,475	29,113	1,570	385,154
Fund Cash Balances, December 31					
Nonspendable	-	-	-	1,000	1,000
Restricted	-	334,724	22,256	574	357,554
Unassigned	55,723	-	-	-	55,723
Fund Cash Balances, December 31	\$ 55,723	\$ 334,724	\$ 22,256	\$ 1,574	\$ 414,277

See accompanying notes to the basic financial statements

**RANGE TOWNSHIP
TOWNSHIP COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of Range Township, Madison County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge and cemetery maintenance. The Sterling Joint Ambulance District provides the Township with emergency and medical services.

The Township participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are all organized on a fund type basis.

B. Fund Accounting

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1. General Fund

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

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

**RANGE TOWNSHIP
TOWNSHIP COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

2. Special Revenue Funds

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

3. Debt Service Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement Fund – This fund receives property tax money for the purpose of payment on principal and interest on debt.

4. Permanent Fund

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 government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**RANGE TOWNSHIP
TOWNSHIP COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgetary Process (Continued)

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2019 budgetary activity appears in Note 3.

E. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources.

The classifications are as follows:

1. Nonspendable

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**RANGE TOWNSHIP
TOWNSHIP COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Balance (Continued)

3. 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2019
Demand deposits	\$75,404
Certificates of Deposit	\$61,000
Other time deposits (savings and NOW accounts)	\$277,873
	=====
Total deposits	\$414,277

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**RANGE TOWNSHIP
TOWNSHIP COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 80,599	\$ 80,599	\$ -
Special Revenue	273,833	273,833	-
Debt Service	29,236	29,236	-
Private Purpose Trust	4	4	-

2019 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 78,872	\$ 78,872	\$ -
Special Revenue	239,584	239,584	-
Debt Service	36,093	36,093	-

4. PROPERTY TAX

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Station	\$ 330,000	5.95%
Fire Rescue Truck	27,500	0.00%
Pumper Truck	<u>67,941</u>	0.00%
Total	\$ 425,441	

**RANGE TOWNSHIP
TOWNSHIP COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

5. DEBT (Continued)

The Township issued a Fire Station Bond in the amount of \$435,000 from Huntington Bank for the construction of a fire station in 2008. The bond is to be repaid in semi-annual payments over 27 years with 5.95% interest.

The Township obtained debt in the amount of \$150,000 in 2007 for the purchase of a fire truck from the State of Ohio Department of Commerce. The debt is to be repaid over 15 years with 0% interest. The Township makes quarterly payments of \$2,500.

The Township obtained debt in the amount of \$131,500 for the purchase of a new rescue vehicle from the Ohio Department of Commerce in 2012. The debt is to be repaid over 15 years with 0% interest. The Township makes quarterly payments of \$2,192.

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

	<u>Fire Station</u>	<u>Fire Rescue</u>	<u>Truck Pumper</u>
2020	34,635	10,000	8,767
2021	33,743	10,000	8,767
2022	32,850	7,500	8,767
2023	31,958		8,767
2024	36,065		8,767
2025-2029	172,178		24,106
2030-2034	<u>132,311</u>		
Total	\$473,740	\$27,500	\$ 67,941

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

7. POST EMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**RANGE TOWNSHIP
TOWNSHIP COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

8. RISK MANAGEMENT

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

Risk Pool Membership

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

The Pool reported the following summary of assets and actuarially measured liabilities available to pay those liabilities as of December 31:

	2019
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

9. CONTINGENT LIABILITY

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

10. SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



GUEYE & ASSOCIATES, CPA, INC.

2246 S. Hamilton Rd, Suite 102
Columbus, Ohio 43232

Tel: 614-342-0297
Fax: 614-423-6615
www.gueyecpa.com

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

Range Township
11465 Danville Rd
London, Ohio 43140

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type of Range Township, Madison County, Ohio (the Township), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures that may impact subsequent periods of the Township and several changes to its reporting model.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Findings Nos. 2020-001, 2020-002, and 2020-003 to be material weaknesses.

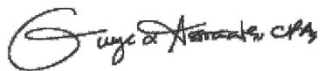
Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 items No. 2020-001, and 2020-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 18, 2021.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Columbus, Ohio
October 18, 2021

**RANGE TOWNSHIP
MADISON COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2020 and 2019**

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

FINDING NUMBER 2020-001

**Material Weakness/Material non-compliance – Financial Statement Presentation
Hinkle Report Filing**

In our audit engagement letter, as required by AU-C § 210, under the Terms of Engagement, 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 § 210 paragraphs. A14 & A16. Also, Ohio Rev. Code § 117.38, entities filing on a cash-basis must file annual reports with the Auditor of State within 60 days of the fiscal year-end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. ORC 117.38 also provides the Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. OAC 117-2-03 requires the reports to be filed electronically via the annual financial data reporting system.

The Township did not file its 2020 Hinkle Report on time. The due date for the Hinkle Report was 03/01/2021, whereas the Township filed its report on 5/26/2021. In addition, the report filed was significantly incomplete and deficient resulting in a required refiling.

This misstatement was caused by confusion over proper classifications in the financial statements and the process in the Hinkle System, and an inadequate training of personnel. As a result, adjustments and reclassifications, with which the Township's management agrees, were made to the presentation of the financial statements and into the Hinkle System. These reclassifications are reflected in the accompanying financial statements.

The Fiscal Officer should refer to the Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers to ensure the financial statements reflect the appropriate classifications.

Officials' Response

We did not receive a response from Officials to the Findings reported above.

FINDING NUMBER 2020-002

**Material Weakness/Material non-compliance – Timely Deposits and Posting of
Transactions in Accounting Records.**

The Ohio Revised Code Section 9.38 requires that public money must be deposited with the Treasurer of the public office or to a designated depository on the business day following the day of the receipt. Public money collected for other public offices must be deposited by the first business day following the date of receipt. In addition, Ohio Admin. Code 117-2-01 and 117-2-02 require governments to establish internal controls and report financial information properly, moreover sound accounting practices requires that all transactions be promptly recorded in the Township's accounting system.

FINDING NUMBER 2020-002 (Continued)

Material Weakness/Material non-compliance – Timely Deposits and Posting of Transactions in Accounting Records.

In 2020, a total of \$62,245 in receipts received from October 2020 through December 2020 were not deposited in the Township's bank statements, nor were they recorded in the Township's ledgers and financial statements.

This misstatement was caused by a lack of understanding of the accounting system, resulting in unposted and unreconciled records. As a result, adjustments and reclassifications, with which the Township's management agrees, were made to the presentation of the financial statements and into the Hinkle System. These reclassifications are reflected in the accompanying financial statements.

The Fiscal Officer should obtain the necessary trainings, refer to the Township Handbook for proper classification, ensure that deposits are made in a timely manner in the bank accounts, and take additional care in posting transactions to the Township's ledgers in a timely manner.

Officials' Response

We did not receive a response from Officials to the Findings reported above.

FINDING NUMBER 2020-003

Material Weakness – Bank Reconciliations

In our audit engagement letter, as required by AU-C § 210, under the Terms of Engagement, 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 § 210 paragraphs. A14 & A16. Sound internal control procedures should include a process to reconcile the bank statements at least monthly.

Although, except for the undeposited funds, no other issues were noted in the cash balances, the Township did not properly apply proper controls safeguards by failing to reconcile the bank statements from April 2020 through December 2020.

The Fiscal Officer should ensure that bank statements are properly reconciled with the Township's cash balance at least monthly. This reconciliation should be documented and regularly presented to the Board of Trustees for review and monitoring.

Officials' Response

We did not receive a response from Officials to the Findings reported above

**RANGE TOWNSHIP
MADISON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2020 and 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	The Finding was first reported in 2018. Material weakness relating and material non-compliance relating to the financial statements presentation.	Not Corrected	Reissued in 2020. Audit adjustments were required in 2020.

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OHIO AUDITOR OF STATE KEITH FABER



RANGE TOWNSHIP

MADISON 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 12/28/2021

88 East Broad 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