

**RANGE TOWNSHIP  
MADISON COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**



**GUEYE & ASSOCIATES, CPA, INC.**

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

Tel: 614-342-0297  
Fax: 614-423-6615  
[www.gueyecpa.com](http://www.gueyecpa.com)

---



OHIO AUDITOR OF STATE  
KEITH FABER

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

Board of Trustees  
Range Township  
5650 Dyer Road  
Mt. Sterling, Ohio 43143

We have reviewed the *Independent Auditor's Report* of Range Township, Madison County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2017 through December 31, 2018. 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 25, 2019

**This page intentionally left blank.**

**RANGE TOWNSHIP  
MADISON COUNTY  
DECEMBER 31, 2018 AND 2017**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2018.....	3
Notes to the Financial Statements – December 31, 2018.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2017.....	13
Notes to the Financial Statements – December 31, 2017.....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	24
Schedule of Findings.....	26

**This page intentionally left blank.**



## INDEPENDENT AUDITOR'S REPORT

Range Township  
5650 Dyer Rd  
Mt Sterling, Ohio 43143

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Range Township, Madison County, Ohio (the Township), as of and for the years ended December 31, 2018 and 2017.

### ***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***

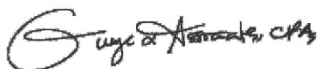
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018 and 2017 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 by fund type, and related notes of Range Township, Madison County, Ohio, as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2019, 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.



Columbus, Ohio  
August 9, 2019



**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, 2018**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$53,060	\$117,664	\$25,374	\$0	\$196,098
Charges for Services	-	825	-	-	825
Licenses, Permits and Fees	-	7,400	-	-	7,400
Intergovernmental	19,794	112,469	3,053	-	135,316
Earnings on Investments	258	696	130	8	1,092
Miscellaneous	-	17,789	-	-	17,789
<i>Total Cash Receipts</i>	<u>73,112</u>	<u>256,843</u>	<u>28,557</u>	<u>8</u>	<u>358,520</u>
<b>Cash Disbursements</b>					
Current:					
General Government	73,525	-	-	-	73,525
Public Safety	-	36,521	-	-	36,521
Public Works	710	61,816	-	-	62,526
Health	-	54,063	-	-	54,063
Capital Outlay	-	68,659	-	-	68,659
Debt Service:					
Principal Retirement	-	47,567	15,000	-	62,567
Interest and Fiscal Charges	-	541	21,966	-	22,507
<i>Total Cash Disbursements</i>	<u>74,235</u>	<u>269,167</u>	<u>36,966</u>	<u>-</u>	<u>380,368</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,123)</u>	<u>(12,324)</u>	<u>(8,409)</u>	<u>8</u>	<u>(21,848)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(1,123)</u>	<u>(12,324)</u>	<u>(8,409)</u>	<u>8</u>	<u>(21,848)</u>
<i>Fund Cash Balances, January 1</i>	<u>55,119</u>	<u>312,799</u>	<u>37,521</u>	<u>1,563</u>	<u>407,002</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	-	-	-	1,000	1,000
Restricted	-	300,475	29,112	571	330,158
Unassigned (Deficit)	53,996	-	-	-	53,996
<i>Fund Cash Balances, December 31</i>	<u>\$53,996</u>	<u>\$300,475</u>	<u>\$29,112</u>	<u>\$1,571</u>	<u>\$385,154</u>

See the accompanying notes to the financial statements

**This page intentionally left blank.**

**RANGE TOWNSHIP  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of 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.

**B. Accounting Basis**

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.

**C. 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.

**D. 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.

**RANGE TOWNSHIP  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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.

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 Township's programs (for the benefit of the Township 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.

**E. Budgetary Process**

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

**1. Appropriations**

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

**RANGE TOWNSHIP  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgetary Process (Continued)**

**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 2018 budgetary activity appears in Note 3.

**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.

**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.

**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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township

**RANGE TOWNSHIP  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Fund Balance (Continued)**

**5. Assigned (Continued)**

Trustees or a Township official delegated that authority by resolution, or by State Statute.

**6. 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.

**G. 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:

	<u>2018</u>
Demand deposits	\$47,458
Certificates of Deposit	61,015
Other time deposits (savings and NOW accounts)	<u>276,681</u>
Total deposits	\$385,154

**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  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

---

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 73,112	\$ 73,112	\$ -
Special Revenue	256,843	256,843	-
Debt Service	28,567	28,567	-
Permanent	<u>8</u>	<u>8</u>	<u>-</u>
Total	\$ 358,520	\$ 358,520	\$ -

2018 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 74,235	\$ 74,235	\$ -
Special Revenue	269,167	269,167	-
Debt Service	<u>36,966</u>	<u>36,966</u>	-
Total	\$ 380,368	\$380,368	\$ -

**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, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Station	\$ 345,000	5.95%
Fire Rescue Truck	37,500	0.00%
Pumper Truck	<u>76,708</u>	0.00%
Total	\$ 459,208	

**RANGE TOWNSHIP  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

---

**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:

	Fire Station	Fire Rescue	Pumper Truck
2019	\$ 37,547	\$ 10,000	\$ 8,767
2020	36,655	10,000	8,767
2021	35,764	10,000	8,767
2022	34,872	7,500	8,767
2023	31,958		8,767
2024-2029	208,243		32,873
2030-2034	165,883		-
	<u>\$ 550,922</u>	<u>\$ 37,500</u>	<u>\$ 76,708</u>

**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 2018, 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, 2018.

**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 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.



**RANGE TOWNSHIP  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

---

**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.

**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:

	2018
Cash and investments	\$33,097,416
Actuarial liabilities	\$7,874,610

**This page intentionally left blank.**

**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, 2017**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$58,354	\$125,493	\$28,526	\$0	\$212,373
Charges for Services	-	725	-	-	725
Licenses, Permits and Fees	-	7,675	-	-	7,675
Intergovernmental	19,833	114,148	3,343	-	137,324
Earnings on Investments	149	394	63	7	613
Miscellaneous	-	3,100	-	-	3,100
<i>Total Cash Receipts</i>	<u>78,336</u>	<u>251,535</u>	<u>31,932</u>	<u>7</u>	<u>361,810</u>
<b>Cash Disbursements</b>					
Current:					
General Government	93,905	-	-	-	93,905
Public Safety	-	26,869	-	-	26,869
Public Works	710	42,411	-	-	43,121
Health	-	42,934	-	-	42,934
Capital Outlay	-	39,114	-	-	39,114
Debt Service:					
Principal Retirement	-	46,867	10,000	-	56,867
Interest and Fiscal Charges	-	1,249	22,656	-	23,905
<i>Total Cash Disbursements</i>	<u>94,615</u>	<u>199,444</u>	<u>32,656</u>	<u>-</u>	<u>326,715</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(16,279)</u>	<u>52,091</u>	<u>(724)</u>	<u>7</u>	<u>35,095</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Financing Sources	14,047	-	-	-	14,047
<i>Total Other Financing Receipts (Disbursements)</i>	<u>14,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,047</u>
<i>Net Change in Fund Cash Balances</i>	<u>(2,232)</u>	<u>52,091</u>	<u>(724)</u>	<u>7</u>	<u>49,142</u>
<i>Fund Cash Balances, January 1</i>	<u>57,351</u>	<u>260,708</u>	<u>38,245</u>	<u>1,556</u>	<u>357,860</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	-	-	-	1,000	1,000
Restricted	-	312,799	37,521	563	350,883
Unassigned (Deficit)	55,119	-	-	-	55,119
<i>Fund Cash Balances, December 31</i>	<u>\$55,119</u>	<u>\$312,799</u>	<u>37,521</u>	<u>\$1,563</u>	<u>\$407,002</u>

See the accompanying notes to the financial statements

**This page intentionally left blank.**

**RANGE TOWNSHIP  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of 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 7 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.

**B. Accounting Basis**

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.

**C. 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.

**D. 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:

**2. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**RANGE TOWNSHIP  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Fund Accounting (Continued)**

**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.

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 Township's programs (for the benefit of the Township 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.

**E. Budgetary Process**

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

**7. 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.

**RANGE TOWNSHIP  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgetary Process (Continued)**

**8. 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.

**9. 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 2017 budgetary activity appears in Note 3.

**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. Non-Spendable**

The Township classifies assets as *non-spendable* when legally or contractually require maintaining the amounts intact.

**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.

**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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township

**RANGE TOWNSHIP  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Fund Balance (Continued)**

**4. Assigned (Continued)**

Trustees or a Township official delegated that authority by resolution, or by State Statute.

**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.

**G. 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:

	<u>2017</u>
Demand deposits	\$70,354
Certificates of Deposit	62,963
Other time deposits (savings and NOW accounts)	<u>273,685</u>
Total deposits	\$407,002

**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  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 92,383	\$ 92,383	\$ -
Special Revenue	251,535	251,535	-
Debt Service	31,932	31,932	-
Permanent	<u>7</u>	<u>7</u>	<u>-</u>
Total	\$375,857	\$ 375,857	\$ -

2017 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 94,615	\$ 94,615	\$ -
Special Revenue	199,444	199,444	-
Debt Service	<u>32,656</u>	<u>32,656</u>	<u>-</u>
Total	\$ 326,715	\$326,715	\$ -

**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, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Station	\$ 360,000	5.95%
Fire Rescue Truck	47,500	0.00%
Pumper Truck	85,475	0.00%
Dump Truck	<u>28,800</u>	2.50%
Total	\$ 521,775	

**RANGE TOWNSHIP  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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.

The Township issued a Dump Truck Bond in the amount of \$137,285 through the Madison County Treasurer's Office in 2014 for the purchase of a new dump truck. The debt is to be repaid in semi-annual payments over 5 years with 2.5% interest.

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

	Fire Station	Fire Rescue	Pumper Truck	Dump Truck
2018	\$ 38,438	\$ 10,000	\$ 8,767	\$ 29,341
2019	37,547	10,000	8,767	
2020	36,655	10,000	8,767	
2021	35,764	10,000	8,767	
2022	34,872	7,500	8,767	
2023-2028	205,383		41,643	
2029-2033	168,915		-	
2034-2039	31,785			
	<u>\$ 589,358</u>	<u>\$ 47,500</u>	<u>\$ 85,475</u>	<u>\$ 29,340</u>

**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 2017, 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, 2017.

**RANGE TOWNSHIP  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

---

**7. RISK POOL MEMBERSHIP**

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

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool.

Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limit are the obligation of the respective government.

Financial Position

OTARMA'S financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016 (the latest information available):

	<b>2016</b>
Assets	\$38,473,283
Liabilities	<u>(8,244,140)</u>
Members 'Equity	\$30,229,143

At December 31, 2016, the assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future. This amount will be included in future contributions from members when the related claims are due for payments.

**RANGE TOWNSHIP  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

---

**7. RISK POOL MEMBERSHIP (Continued)**

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**Contributions to OTARMA**

**2017**  
\$11,443

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



# 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  
5650 Dyer Rd  
Mt Sterling, Ohio 43143

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Range Township, Madison County, Ohio (the Township), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated August 9, 2019, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or 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.

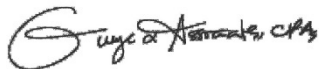
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant 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 Finding 2018-001 to be a material weakness.

***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 item No. 2018-001.

***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  
August 9, 2019

**RANGE TOWNSHIP  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-001**

**Material Weakness/Material non-compliance – Financial Statement Presentation**

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 Fiscal Officer classified certain balances incorrectly in the financial statement presentation. In addition, certain balances were incorrectly entered in the Hinkle System.

For the year ended December 31, 2018, although correctly entered in the accounting ledgers, a total of \$13,804 was incorrectly presented in the financial statements as other financing sources, instead of miscellaneous revenues. In addition, when entering the 2018 end of year balances into the Hinkle System, the Township inputted incorrect balances as the total of all governmental funds.

This misstatement was caused by confusion over proper classifications in the financial statements and the process in the Hinkle System. As a result, 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 in order to ensure the financial statements reflect the appropriate classifications.

**Officials' Response**

The Township will make sure the financial statements are correctly presented in the future.

**This page intentionally left blank.**



# OHIO AUDITOR OF STATE KEITH FABER



**RANGE TOWNSHIP**

**MADISON COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 8, 2019**