



Mary Taylor, CPA
Auditor of State

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

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**RICHLAND TOWNSHIP
FAIRIFELD COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Richland Township
Fairfield County
8215 Bope Rd NE
Rushville, Ohio 43150

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richland Township, Fairfield County, Ohio (the Township), as of and for the years ended December 31, 2008, and 2007 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Richland Township, Fairfield County, Ohio, as of December 31, 2008 and 2007, and the respective changes in financial position and the respective budgetary comparisons for the General, Gas Tax, Road and Bridge and Fire District Funds thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 14, 2009

**Richland Township
Fairfield County**

*Statement of Net Assets - Cash Basis
December 31, 2008*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 383,677</u>
<i>Total Assets</i>	<u><u>\$ 383,677</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$ 221,135
Unrestricted	<u>162,542</u>
<i>Total Net Assets</i>	<u><u>\$ 383,677</u></u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2008*

	<u>Program Cash Receipts</u>			Net (Disbursements) Receipts and Changes in Net Assets
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions & Interest</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$ 85,119	\$ -	\$ -	\$ (85,119)
Public Safety	109,948	0	0	(109,948)
Public Works	123,804	17,951	105,270	(583)
Health	10,680	0	0	(10,680)
Human Services	3,821	0	0	(3,821)
Capital Outlay	25,526	0	0	(25,526)
Other	0	4,577	0	4,577
Debt Service:				
Principal Retirement	31,242	0	0	(31,242)
Interest and Fiscal Charges	4,208	0	0	(4,208)
<i>Total Governmental Activities</i>	<u>\$ 394,348</u>	<u>\$ 22,528</u>	<u>\$ 105,270</u>	<u>\$ (266,550)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes	42,125	
		Roads and Bridges	68,365	
		Fire District	172,912	
		Grants and Entitlements not Restricted to Specific Programs	107,796	
		Interest	3,945	
		Miscellaneous	4,719	
		<i>Total General Receipts</i>	<u>399,862</u>	
		Change in Net Assets		133,312
		<i>Net Assets Beginning of Year</i>		<u>250,365</u>
		<i>Net Assets End of Year</i>		<u>\$383,677</u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008*

	General	Gasoline Tax Fund	Road and Bridge Fund	Fire District Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 162,542	\$ 48,662	\$ 81,938	\$ 49,493	\$ 41,042	\$ 383,677
<i>Total Assets</i>	<u>\$ 162,542</u>	<u>\$ 48,662</u>	<u>\$ 81,938</u>	<u>\$ 49,493</u>	<u>\$ 41,042</u>	<u>\$ 383,677</u>
Fund Balances						
Undesignated, Reported in:						
General Fund	\$ 162,542	\$ -	\$ -	\$ -	\$ -	\$ 162,542
Special Revenue Funds	0	48,662	81,938	49,493	41,042	221,135
<i>Total Fund Balances</i>	<u>\$ 162,542</u>	<u>\$ 48,662</u>	<u>\$ 81,938</u>	<u>\$ 49,493</u>	<u>\$ 41,042</u>	<u>\$ 383,677</u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008*

	General	Gasoline Tax Fund	Road and Bridge Fund	Fire District Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 42,125	\$ -	\$ 68,365	\$ 172,912	\$ 17,952	\$ 301,354
Licenses, Permits and Fees	4,577	0	0	0	0	4,577
Intergovernmental	90,920	89,805	4,793	12,143	14,633	212,294
Interest	3,945	432	115	224	0	4,716
Other	1,578	0	382	2,759	0	4,719
<i>Total Receipts</i>	<u>143,145</u>	<u>90,237</u>	<u>73,655</u>	<u>188,038</u>	<u>32,585</u>	<u>527,660</u>
Disbursements						
Current:						
General Government	85,119	0	0	0	0	85,119
Public Safety	0	0	0	109,948	0	109,948
Public Works	2,031	69,214	40,547	0	12,012	123,804
Health	10,680	0	0	0	0	10,680
Human Services	0	0	0	0	3,821	3,821
Capital Outlay	0	0	9,000	16,526	0	25,526
Debt Service:						
Principal Retirement	0	0	10,830	20,412	0	31,242
Interest and Fiscal Charges	0	0	1,441	2,767	0	4,208
<i>Total Disbursements</i>	<u>97,830</u>	<u>69,214</u>	<u>61,818</u>	<u>149,653</u>	<u>15,833</u>	<u>394,348</u>
<i>Net Change in Fund Balances</i>	45,315	21,023	11,837	38,385	16,752	133,312
<i>Fund Balances Beginning of Year</i>	<u>117,227</u>	<u>27,639</u>	<u>70,101</u>	<u>11,108</u>	<u>24,290</u>	<u>250,365</u>
<i>Fund Balances End of Year</i>	<u>\$ 162,542</u>	<u>\$ 48,662</u>	<u>\$ 81,938</u>	<u>\$ 49,493</u>	<u>\$ 41,042</u>	<u>\$ 383,677</u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis - General Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 73,663	\$ 29,609	\$ 42,125	\$ 12,516
Licenses, Permits and Fees	6,500	6,500	4,577	(1,923)
Intergovernmental	93,414	37,988	90,920	52,932
Interest	3,945	3,200	3,945	745
Other	1,185	1,210	1,578	368
<i>Total receipts</i>	<u>178,707</u>	<u>78,507</u>	<u>143,145</u>	<u>64,638</u>
Disbursements				
Current:				
General Government	110,993	111,143	85,119	26,024
Public Works	8,000	8,000	2,031	5,969
Health	7,000	10,850	10,680	170
Capital Outlay	25,000	21,000	0	21,000
<i>Total Disbursements</i>	<u>150,993</u>	<u>150,993</u>	<u>97,830</u>	<u>53,163</u>
<i>Net Change in Fund Balance</i>	27,714	(72,486)	45,315	117,801
<i>Fund Balance Beginning of Year</i>	116,854	116,854	116,854	0
Prior Year Encumbrances Appropriated	<u>373</u>	<u>373</u>	<u>373</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 144,941</u>	<u>\$ 44,741</u>	<u>\$ 162,542</u>	<u>\$ 117,801</u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis - Gasoline Tax Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 111,201	\$ 88,450	\$ 89,805	\$ 1,355
Interest	300	300	432	132
<i>Total receipts</i>	<u>111,501</u>	<u>88,750</u>	<u>90,237</u>	<u>1,487</u>
Disbursements				
Current:				
Public Works	<u>106,300</u>	<u>106,300</u>	<u>69,214</u>	<u>37,086</u>
<i>Total Disbursements</i>	<u>106,300</u>	<u>106,300</u>	<u>69,214</u>	<u>37,086</u>
<i>Net Change in Fund Balance</i>	5,201	(17,550)	21,023	38,573
<i>Fund Balance Beginning of Year</i>	<u>27,639</u>	<u>27,639</u>	<u>27,639</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 32,840</u></u>	<u><u>\$ 10,089</u></u>	<u><u>\$ 48,662</u></u>	<u><u>\$ 38,573</u></u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis - Road & Bridge Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 73,520	\$ 65,520	\$ 68,365	\$ 2,845
Intergovernmental	56,354	4,000	4,793	793
Interest	0	0	115	115
Other	0	1,200	382	(818)
<i>Total receipts</i>	<u>129,874</u>	<u>70,720</u>	<u>73,655</u>	<u>2,935</u>
Disbursements				
Current:				
Public Works	103,688	103,688	40,547	63,141
Capital Outlay	20,000	20,000	9,000	11,000
Debt Service:				
Principal Retirement	12,000	12,000	10,830	1,170
Interest and Fiscal Charges	2,100	2,100	1,441	659
<i>Total Disbursements</i>	<u>137,788</u>	<u>137,788</u>	<u>61,818</u>	<u>75,970</u>
<i>Net Change in Fund Balance</i>	(7,914)	(67,068)	11,837	78,905
<i>Fund Balance Beginning of Year</i>	67,913	67,913	67,913	0
Prior Year Encumbrances Appropriated	<u>2,188</u>	<u>2,188</u>	<u>2,188</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 62,187</u>	<u>\$ 3,033</u>	<u>\$ 81,938</u>	<u>\$ 78,905</u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis - Fire District Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 198,000	\$ 170,000	\$ 172,912	\$ 2,912
Intergovernmental	32,343	31,000	12,143	(18,857)
Interest	0	0	224	224
Other	0	0	2,759	2,759
<i>Total receipts</i>	<u>230,343</u>	<u>201,000</u>	<u>188,038</u>	<u>(12,962)</u>
Disbursements				
Current:				
Public Safety	136,207	158,707	109,948	48,759
Capital Outlay	39,500	17,000	16,526	474
Debt Service:				
Principal Retirement	21,000	20,412	20,412	0
Interest and Fiscal Charges	2,200	2,788	2,767	21
<i>Total Disbursements</i>	<u>198,907</u>	<u>198,907</u>	<u>149,653</u>	<u>49,254</u>
<i>Net Change in Fund Balance</i>	31,436	2,093	38,385	36,292
<i>Fund Balance Beginning of Year</i>	<u>11,108</u>	<u>11,108</u>	<u>11,108</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 42,544</u>	<u>\$ 13,201</u>	<u>\$ 49,493</u>	<u>\$ 36,292</u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Net Assets - Cash Basis
December 31, 2007*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 250,365
<i>Total Assets</i>	<u>\$ 250,365</u>
Net Assets	
Restricted for:	
Other Purposes	\$ 133,138
Unrestricted	<u>117,227</u>
<i>Total Net Assets</i>	<u>\$ 250,365</u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2007*

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions & Interest</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$ 71,036	\$ -	\$ -	\$ (71,036)
Public Safety	61,386	0	0	(61,386)
Public Works	143,786	18,230	96,179	(29,377)
Health	11,614	0	0	(11,614)
Capital Outlay	20,000	0	0	(20,000)
Other	0	5,223	0	5,223
Debt Service:				
Principal Retirement	30,025	0	0	(30,025)
Interest and Fiscal Charges	4,698	0	0	(4,698)
Total Governmental Activities	<u>\$ 342,545</u>	<u>\$ 23,453</u>	<u>\$ 96,179</u>	<u>\$ (222,913)</u>
		General Receipts		
		Property Taxes Levied for:		
			General Purposes	29,608
			Roads and Bridges	61,914
			Fire District	72,565
			Cable Franchise Fees	0
			Grants and Entitlements not	
			Restricted to Specific Programs	49,071
			Sale of Capital Assets	8,000
			Interest	3,170
			Miscellaneous	2,753
			Total General Receipts	<u>227,081</u>
			Change in Net Assets	4,168
			<i>Net Assets Beginning of Year</i>	<u>246,197</u>
			<i>Net Assets End of Year</i>	<u>\$ 250,365</u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	General	Gasoline Tax Fund	Road and Bridge Fund	Fire Operation Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 117,227	\$ 27,639	\$ 70,101	\$ 11,108	\$ 24,290	\$ 250,365
<i>Total Assets</i>	<u>\$ 117,227</u>	<u>\$ 27,639</u>	<u>\$ 70,101</u>	<u>\$ 11,108</u>	<u>\$ 24,290</u>	<u>\$ 250,365</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$ 373	\$ -	\$ 2,188	\$ -	\$ -	\$ 2,561
Unreserved:						
Undesignated, Reported in:						
General Fund	116,854	0	0	0	0	116,854
Special Revenue Funds	0	27,639	67,913	11,108	24,290	130,950
<i>Total Fund Balances</i>	<u>\$ 117,227</u>	<u>\$ 27,639</u>	<u>\$ 70,101</u>	<u>\$ 11,108</u>	<u>\$ 24,290</u>	<u>\$ 250,365</u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007*

	General	Gasoline Tax Fund	Road and Bridge Fund	Fire District Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 29,607	\$ -	\$ 61,914	\$ 72,565	\$ 18,230	\$ 182,316
Licenses, Permits and Fees	5,223	0	0	0	0	5,223
Intergovernmental	41,226	88,447	3,673	4,172	7,193	144,711
Interest	3,170	296	119	124	0	3,709
Other	1,211	0	1,205	338	0	2,754
<i>Total Receipts</i>	<u>80,437</u>	<u>88,743</u>	<u>66,911</u>	<u>77,199</u>	<u>25,423</u>	<u>338,713</u>
Disbursements						
Current:						
General Government	71,036	0	0	0	0	71,036
Public Safety	0	0	0	61,386	0	61,386
Public Works	1,426	85,851	36,503	0	20,006	143,786
Health	11,614	0	0	0	0	11,614
Capital Outlay	0	0	0	20,000	0	20,000
Debt Service:						
Principal Retirement	0	0	10,414	19,611	0	30,025
Interest and Fiscal Charges	0	0	1,857	2,841	0	4,698
<i>Total Disbursements</i>	<u>84,076</u>	<u>85,851</u>	<u>48,774</u>	<u>103,838</u>	<u>20,006</u>	<u>342,545</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,639)</u>	<u>2,892</u>	<u>18,137</u>	<u>(26,639)</u>	<u>5,417</u>	<u>(3,832)</u>
Other Financing Sources						
Sale of Capital Assets	0	0	0	8,000	0	8,000
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,000</u>	<u>0</u>	<u>8,000</u>
<i>Net Change in Fund Balances</i>	(3,639)	2,892	18,137	(18,639)	5,417	4,168
<i>Fund Balances Beginning of Year</i>	<u>120,866</u>	<u>24,747</u>	<u>51,964</u>	<u>29,747</u>	<u>18,873</u>	<u>246,197</u>
<i>Fund Balances End of Year</i>	<u>\$ 117,227</u>	<u>\$ 27,639</u>	<u>\$ 70,101</u>	<u>\$ 11,108</u>	<u>\$ 24,290</u>	<u>\$ 250,365</u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis - General Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 20,500	\$ 20,500	\$ 29,607	\$ 9,107
Licenses, Permits and Fees	9,500	9,500	5,223	(4,277)
Intergovernmental	33,000	33,000	41,226	8,226
Interest	3,500	3,500	3,170	(330)
Other	2,000	2,000	1,211	(789)
<i>Total receipts</i>	<u>68,500</u>	<u>68,500</u>	<u>80,437</u>	<u>11,937</u>
Disbursements				
Current:				
General Government	100,400	104,400	71,409	32,991
Public Works	6,000	6,000	1,426	4,574
Health	12,550	12,550	11,614	936
Capital Outlay	45,000	41,000	0	41,000
<i>Total Disbursements</i>	<u>163,950</u>	<u>163,950</u>	<u>84,449</u>	<u>79,501</u>
<i>Net Change in Fund Balance</i>	(95,450)	(95,450)	(4,012)	91,438
<i>Fund Balance Beginning of Year</i>	<u>120,866</u>	<u>120,866</u>	<u>120,866</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 25,416</u>	<u>\$ 25,416</u>	<u>\$ 116,854</u>	<u>\$ 91,438</u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis - Gasoline Tax Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 88,447	\$ 3,447
Interest	450	450	296	(154)
<i>Total receipts</i>	<u>85,450</u>	<u>85,450</u>	<u>88,743</u>	<u>3,293</u>
Disbursements				
Current:				
Public Works	<u>121,500</u>	<u>121,500</u>	<u>85,851</u>	<u>35,649</u>
<i>Total Disbursements</i>	<u>121,500</u>	<u>121,500</u>	<u>85,851</u>	<u>35,649</u>
<i>Net Change in Fund Balance</i>	(36,050)	(36,050)	2,892	38,942
<i>Fund Balance Beginning of Year</i>	<u>24,747</u>	<u>24,747</u>	<u>24,747</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ (11,303)</u>	<u>\$ (11,303)</u>	<u>\$ 27,639</u>	<u>\$ 38,942</u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis - Road & Bridge Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 59,400	\$ 59,400	\$ 61,914	\$ 2,514
Intergovernmental	5,667	5,667	3,673	(1,994)
Interest	0	0	119	119
Other	0	0	1,205	1,205
<i>Total receipts</i>	<u>65,067</u>	<u>65,067</u>	<u>66,911</u>	<u>1,844</u>
Disbursements				
Current:				
Public Works	108,500	108,500	38,691	69,809
Debt Service:				
Principal Retirement	12,000	12,000	10,414	1,586
Interest and Fiscal Charges	3,000	3,000	1,857	1,143
<i>Total Disbursements</i>	<u>123,500</u>	<u>123,500</u>	<u>50,962</u>	<u>72,538</u>
<i>Net Change in Fund Balance</i>	(58,433)	(58,433)	15,949	74,382
<i>Fund Balance Beginning of Year</i>	<u>51,964</u>	<u>51,964</u>	<u>51,964</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ (6,469)</u>	<u>\$ (6,469)</u>	<u>\$ 67,913</u>	<u>\$ 74,382</u>

See accompanying notes to the basic financial statements

**Richland Township
Fairfield County**

*Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis - Fire District Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 70,543	\$ 70,543	\$ 72,565	\$ 2,022
Intergovernmental	14,986	14,986	4,172	(10,814)
Interest	0	0	124	124
Other	0	0	338	338
<i>Total receipts</i>	<u>85,529</u>	<u>85,529</u>	<u>77,199</u>	<u>(8,330)</u>
Disbursements				
Current:				
Public Safety	76,300	72,276	61,386	10,890
Capital Outlay	15,976	20,000	20,000	0
Debt Service:				
Principal Retirement	19,000	19,612	19,611	1
Interest and Fiscal Charges	4,000	3,388	2,841	547
<i>Total Disbursements</i>	<u>115,276</u>	<u>115,276</u>	<u>103,838</u>	<u>11,438</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,747)</u>	<u>(29,747)</u>	<u>(26,639)</u>	<u>3,108</u>
Other Financing Sources				
Sale of Capital Assets	0	0	8,000	8,000
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>8,000</u>	<u>8,000</u>
<i>Net Change in Fund Balance</i>	(29,747)	(29,747)	(18,639)	11,108
<i>Fund Balance Beginning of Year</i>	<u>29,747</u>	<u>29,747</u>	<u>29,747</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,108</u>	<u>\$ 11,108</u>

See accompanying notes to the basic financial statements

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

Note 1 – Reporting Entity

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

The reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection and emergency medical services. Police protection is provided by Fairfield County Sheriff's Department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

The Township has no component units.

C. Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in one jointly governed organization, Fairfield County Regional Planning Commission. Note 12 to the financial statements provides additional information for this entity. In addition, the Township contracts with Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool who provides property and casualty coverage for its members. Note 7 to the financial statements provides additional information for this entity.

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

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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

Fund Financial Statements

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

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All of the Township's funds are governmental.

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the following:

General Fund – The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Gasoline Tax Fund – The Gasoline Tax Fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Road and Bridge Fund – Road and Bridge Fund receives real and personal property tax for constructing, maintaining and repairing Township roads and bridges.

Fire District Fund - This fund receives real and personal property tax money for emergency and fire management.

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

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

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

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

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

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

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

E. Cash and Investments

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

Interest earnings are allocated to Township funds according to State statutes or grant requirements. Interest receipts credited to the General Fund during 2008 were \$3,945. Interest receipts were also credited to the Gasoline Tax, Road and Bridge, and Fire funds in the amounts of \$432, \$115 and \$224, respectively. Interest receipts credited to the General Fund during 2007 was \$3,170. Interest receipts were also credited to the Gasoline Tax, Road and Bridge, and Fire funds in the amounts of \$296, \$119, and \$124, respectively.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

H. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Long-Term Debt Obligations

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

At December 31, 2008 and 2007, the Township had outstanding debt for notes acquired to purchase an EMS vehicle, Brush Truck and Dump Truck. As of December 31, 2008, the loans for these notes had an outstanding principal balance totaling \$52,109.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for constructing, maintaining, and repairing Township roads and bridges, and for fire protection services.

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

K. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

L. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Township had Reserve for Encumbrances amounts in 2007 in the General Fund for \$373, and the Road and Bridge Fund for \$2,188.

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 3 – Compliance

Ohio Revised Code Section 5705.39 limits a taxing authority's appropriations to the total estimated revenue. The Township had appropriations exceeding estimated resources in the Gas Tax and Road and Bridge Funds at December 31, 2007 in the amounts of \$11,303 and \$6,469 respectively.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General, Gasoline Tax, Road and Bridge and Fire District Funds for 2008 and 2007, are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$373 for the General Fund and \$2,188 for the Road and Bridge Fund for fiscal year 2007. There were no Reserved for Encumbrance amounts in fiscal year 2008.

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 5 – Deposits and Investments (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2008 and 2007, \$11,525 and \$289,182 of the Township's bank balances of \$261,525 and \$389,182, respectively, was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received 2008 and 2007 for real and public utility property taxes represent collections of the 2007 and 2006 taxes. Property tax payments received during 2008 and 2007 for tangible personal property (other than public utility property) is for 2008 and 2007 taxes.

2008 and 2007 real property taxes are levied after October 1, 2008 and 2007 on the assessed values of the January 1, 2008 and 2007 lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2008 and 2007 real property taxes are collected in and intended to finance 2009 and 2008.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payments is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 and 2007 public utility property taxes which became a lien on December 31, 2007 and 2006, are levied after October 1, 2007 and 2007 and are collected in 2009 and 2008 with real property taxes.

2008 and 2007 tangible property taxes are levied after October 1, 2007 and 2006 on the value as of December 31, 2007 and 2006. Collections are made in 2008 and 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent and is 12.5 percent for 2007. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 2008 and 2007 was \$9.00 and \$ 6.00 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2008 and 2007 property tax receipts were based as follows:

	2008	2007
Real Property		
Residual	\$30,784,390	\$26,711,950
Agriculture	7,894,480	7,089,030
Community/Industrial/Mineral	2,081,670	1,614,710
Public Utility Property		
Personal	2,107,650	2,306,820
Tangible Personal Property	99,155	90,482
Total Assessed Values	\$42,970,345	\$37,813,032

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 7 – Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 7 – Risk Management (Continued)

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

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, 2007 and 2006 (the latest information available).

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$9,183.80. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

<u>Contributions to OTARMA</u>	
2006	\$16,031
2007	\$ 15,387
2008	\$ 15,484

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 7 – Risk Management (Continued)

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2008 and 2007, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$26,000.

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

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008 and 2007, members in state and local classifications contributed 10 percent of covered payroll, public safety members contributed 9.45 and 10 percent, respectively, and law enforcement members and public safety contributed 10.1 percent.

The Township's contribution rate for 2007 and 2008, respectively, was 13.85 and 14 percent of covered payroll. For the period January 1, through June 30, 2008 and 2007, a portion of the Township's contribution equal to 05 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period July 1 through December 31, 2008 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 17.40 percent.

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 8 – Defined Benefit Pension Plan (Continued)

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007 and 2008, are \$18,120 and \$23,332 respectively. The full amount has been contributed for 2007 and 2008.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008 and 2007, local government employers contributed 14.00 and 13.85 percent, respectively, of covered payroll (17.85 and 171.7 respectively percent for public safety and law enforcement). Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7 percent of covered payroll for fiscal year 2008, and 6 percent for fiscal year 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2008 and 2007 were \$11,666, and \$7,880 respectively; 100 percent has been contributed for 2008, and 2007.

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Note 10 – Debt

The Township's long-term debt activity for the year ended December 31, 2008, was as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
EMS Vehicle Promissory Note	3.75%	\$27,828	\$0	\$13,508	\$14,320
Brush Truck Promissory Note	4.75%	\$21,654	0	\$6,904	\$14,750
International Dump Truck Promissory Note	4.75%	\$33,869	0	\$10,830	\$23,039
Total		\$83,351	\$0	\$31,242	\$52,109

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
EMS Vehicle Promissory Note	3.75%	\$40,841	\$0	\$13,013	\$27,828
Brush Truck Promissory Note	4.75%	\$28,252	\$0	\$6,598	\$21,654
International Dump Truck Promissory Note	4.75%	\$44,283	\$0	\$10,414	\$33,869
Total		\$113,376	\$0	\$30,025	\$83,351

The Notes are supported by the full faith and credit of the Township and are payable from the fire operating levy, and unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

Year	EMS Vehicle		Brush Truck		International Dump Truck	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	14,320	416	7,221	702	11,291	980
2010	0	0	7,529	364	11,748	500
Totals	\$14,320	\$416	\$14,750	\$1,066	\$23,039	\$1,480

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2008, were an overall debt margin of \$4,511,886 and an unvoted debt margin of \$2,363,369.

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 11 – Contingency

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

Note 12 – Jointly Governed Organization

Fairfield County Planning Commission: The Township appoints a member of the council to represent the Township on the 47 member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually based on the per capita of the Township. There is no ongoing financial responsibility by the Township



Mary Taylor, CPA

Auditor of State

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

Richland Township
Fairfield County
8215 Bope Road
Rushville, Ohio 43150

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richland Township, Fairfield County, Ohio (the Township) as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 14, 2009, wherein we noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this Township, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain internal control matters that we reported to the Township's management in a separate letter dated August 14, 2009.

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, providing an opinion 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 an instance of noncompliance we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated August 14, 2009.

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 14, 2009

**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Appropriations Exceeding Estimated Resources – ORC 5705.39

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Total appropriations exceeded the total estimated resources at 12/31/2007 as follows:

<u>Date</u>		<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
12/31/2007	Gas Tax	\$110,197	\$121,500	(\$11,303)
	Road and Bridge	\$117,031	\$123,500	(\$6,469)

This was the result of the Township not correctly updating the beginning unencumbered balances for these funds.

This could result in the Township expending more money than it receives and could cause possible negative fund balances. A lack of funds may result in the Township being unable to meet its current obligations.

We recommend the Township ensure that unencumbered balances are accurate and estimated resources are sufficient to cover appropriations at the time of certification or amendment.

We received no response from officials to the finding denoted above.

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**RICHLAND TOWNSHIP
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Zoning Permit Fees	Yes	
2006-002	Adjustments	Yes	
2006-003	Trustees Salary	Yes	
2006-004	Employee Status's	Yes	
2006-005	Timely Deposits	Yes	
2006-006	Expenditures Exceeding Appropriations.	Yes	
2006-007	Certifying expenditures prior to commitment.	Yes	



Mary Taylor, CPA
Auditor of State

RICHLAND TOWNSHIP

FAIRFIELD 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 13, 2009**