

**RICHLAND TOWNSHIP
WYANDOT COUNTY, OHIO**

FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Richland Township
18170 County Road 53
Forest, Ohio 45843

We have reviewed the *Independent Auditors' Report* of Richland Township, Wyandot County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Richland Township is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

January 7, 2010

This Page is Intentionally Left Blank.

Richland Township
Wyandot County, Ohio

For the Years Ended
December 31, 2008 and 2007

Table of Contents

Independent Auditors' Report	1-2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2008	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2007	4
Notes to the Financial Statements	5-11
Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters, Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12-13
Schedule of Findings	14-17
Schedule of Prior Audit Findings	18

This Page is Intentionally Left Blank.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants
38 South Franklin Street
P. O. Box 352
Union, Ohio 43015-0352

Telephone: 740-362-9031
Fax: 740-363-7799

Independent Auditors' Report

Richland Township
Wyandot County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Richland Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. 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. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in note 1, the Township has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or their changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Richland Township, Wyandot County, Ohio as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

November 18, 2009

Richland Township
Wyandot County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2008

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Property and other local taxes	\$ 18,960	10,183	29,144
Intergovernmental	23,632	86,258	109,889
Charges for services	-	9,300	9,300
Earnings on investments	155	384	539
Miscellaneous	<u>1,302</u>	<u>15,234</u>	<u>16,536</u>
Total cash receipts	44,049	121,359	165,408
Cash disbursements:			
Current:			
General government	30,505	-	30,505
Public safety	1,226	15,245	16,471
Public works	2,837	57,878	60,715
Health	4,273	-	4,273
Other	4,154	-	4,154
Capital outlay	<u>-</u>	<u>24,231</u>	<u>24,231</u>
Total cash disbursements	<u>42,995</u>	<u>97,354</u>	<u>140,349</u>
Total receipts over disbursements	1,054	24,005	25,059
Fund cash balances, January 1	<u>10,966</u>	<u>105,872</u>	<u>116,838</u>
Fund cash balances, December 31	\$ <u>12,020</u>	<u>129,877</u>	<u>141,897</u>

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

Richland Township
Wyandot County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Property and other local taxes	\$ 20,648	10,487	-	31,135
Intergovernmental	22,463	104,624	38,058	165,145
Charges for services	-	8,750	-	8,750
Earnings on investments	223	600	-	823
Miscellaneous	<u>983</u>	<u>14,801</u>	<u>-</u>	<u>15,784</u>
Total cash receipts	44,317	139,262	38,058	221,637
Cash disbursements:				
Current:				
General government	38,058	-	-	38,058
Public safety	1,226	12,969	-	14,195
Public works	2,363	75,717	-	78,080
Health	4,116	-	-	4,116
Other	7,243	-	-	7,243
Capital outlay	<u>-</u>	<u>8,806</u>	<u>38,058</u>	<u>46,864</u>
Total cash disbursements	<u>53,006</u>	<u>97,492</u>	<u>38,058</u>	<u>188,556</u>
Total receipts over (under) disbursements	(8,689)	41,770	-	33,081
Fund cash balances, January 1	<u>19,655</u>	<u>64,102</u>	<u>-</u>	<u>83,757</u>
Fund cash balances, December 31	\$ <u>10,966</u>	<u>105,872</u>	<u>-</u>	<u>116,838</u>

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

**Richland Township
Wyandot County, Ohio
Notes to the Financial Statements
December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies

Description of the Entity

Richland Township, Wyandot County, Ohio (the Township) is a body corporate and politic 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 provides road and bridge maintenance and fire protection services. The Township also has contracts to provide fire protection services to Salem Township and the Village of Kirby.

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

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State of Ohio.

Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Richland Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund – This fund receives vehicle registration tax money.

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

Road and Bridge Fund – This fund receives local real estate, property tax and other revenues collected to construct, maintain and repair Township roads.

Fire District Fund – This fund receives tax money to pay for fire protection services.

Capital Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except for those financed through enterprise or trust funds). The Township had the following Capital Project Fund:

Issue II Fund – The Township received a grant from the State of Ohio to repair Township roads.

Budgetary Process

The Ohio Revised Code (ORC) requires each fund to be budgeted annually.

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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

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

**Richland Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies, continued

Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

Property, Plant and Equipment

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

(2) Equity in Pooled Cash and Investments

The Township maintains a cash and investment pool used by all funds. The ORC prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$ <u>141,897</u>	<u>116,838</u>
Total deposits	\$ <u>141,897</u>	<u>116,838</u>

Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

<u>Fund Type</u>	<u>2008 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 42,953	44,049	1,096
Special Revenue	126,750	121,359	(5,391)
Capital Projects	<u>38,058</u>	<u>-</u>	<u>(38,058)</u>
Total	\$ <u>207,761</u>	<u>165,408</u>	<u>(42,353)</u>

Richland Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007

(3) Budgetary Activity, continued

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 60,392	42,995	17,397
Special Revenue	<u>225,988</u>	<u>97,354</u>	<u>128,634</u>
Total	\$ <u>286,380</u>	<u>140,349</u>	<u>146,031</u>

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 38,904	44,317	5,413
Special Revenue	128,469	139,262	10,793
Capital Projects	<u>38,058</u>	<u>38,058</u>	-
Total	\$ <u>205,431</u>	<u>221,637</u>	<u>16,206</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 58,563	53,006	5,557
Special Revenue	192,568	97,492	95,076
Capital Projects	<u>35,000</u>	<u>38,058</u>	<u>(3,058)</u>
Total	\$ <u>286,131</u>	<u>188,556</u>	<u>97,575</u>

(4) Property Tax

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

**Richland Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(4) Property Tax, continued

Tangible personal property is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

(5) Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the ORC.

Contribution rates are also prescribed by the ORC. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively of their gross salaries. The Township contributed an amount equal to 14% and 13.85%, respectively of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

(6) 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 Workers' 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. APEEP provides supplemental risk coverage for claims exceeding OTARMA claims coverage.

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 OTARMA 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 APEEP'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).

**Richland Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(6) Risk Management, continued

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.

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	<u>(13,357,837)</u>	<u>(12,120,661)</u>
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. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Richland Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007

(6) Risk Management, 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

2006	\$ 9,022
2007	8,195
2008	7,239

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they 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 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.

(7) Commitment

The Township is obligated to provide fire protection services to Salem Township, Wyandot County, Ohio from April 1, 2008 to March 31, 2011 pursuant to a contract adopted in February 2008. The Township is also obligated to provide fire protection services to the Village of Kirby, Wyandot County, Ohio from April 1, 2008 to March 31, 2011 pursuant to a contract adopted in April 2008.

(8) Compliance

Contrary to Ohio or federal law:

- In 2008, expenditures exceeded appropriations by \$1,805 in the Fire District Fund and by \$16 in the Road and Bridge Fund. In 2007, expenditures exceeded appropriations by \$3,058 in the Capital Projects Fund.
- In 2008, the appropriations exceeded estimated resources by \$6,473 in the General Fund, by \$3,617 in the Fire District Fund and by \$16 in the Road and Bridge Fund.
- The Township did not encumber funds prior to expenditure.
- Material reclassifications to the financial statements were necessary in order for them to be fairly stated.
- The Township did not publish a notice that the financial reports were available for public inspection.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants
38 South Franklin Street
P. O. Box 352
Union, Ohio 43015-0352

Telephone: 740-362-9031
Fax: 740-363-7799

**Independent Auditors' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters,
Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

Richland Township
Wyandot County, Ohio

To the Board of Trustees:

We have audited the financial statements of Richland Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated November 18, 2009, wherein we noted the Township followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.

We considered Findings 2008-01 and 2008-02 to be significant deficiencies in internal control over financial reporting as described in the accompanying schedule of findings.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above we consider Finding 2008-01 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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed certain 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 Findings 2008-02 through 2008-07.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated November 18, 2009.

The Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

November 18, 2009

**Richland Township
Wyandot County, Ohio
Schedule of Findings
December 31, 2008 and 2007**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-01
Significant deficiency/material weakness

The Ohio Township Handbook Chart of Accounts appendix details the revenue and expenditure codes, name of source information, and a brief description of the type of revenue or expenditure that relates to the code.

We noted the following errors in the Township prepared financial statements that required reclassification:

- In all applicable funds for both years, Tangible Personal Property (TPP) Replacement revenue receipts were reclassified from Local Taxes to Intergovernmental Revenue. The amounts totaled \$2,583 and \$4,630 for 2008 and 2007, respectively.
- In both years, in various funds, major road work expenditures were coded to Capital Outlay instead of Public Works. Reclassifications totaled \$37,957 and \$48,740 for 2008 and 2007, respectively.

These adjustments are reflected in the audited financial statements. Although the misclassifications have been corrected under audit, annual financial statements available to the public until such time as the audit was completed were inaccurate.

Response by Township

No response received.

Finding Number 2008-02
Significant deficiency/noncompliance

Effective October 19, 2004, Ohio Attorney General Opinion 2004-36 (the opinion) requires trustees to establish administrative procedures to document the proportionate amount of salaries chargeable to funds other than the General Fund based on the kinds of services rendered. The opinion is clear that arbitrary allocation percentages are not permissible, and requires that once the government has been informed of this requirement, future findings of this nature will be findings in the GAGAS report and material amounts will be subject to reclassification to the General Fund.

In 2007 and 2008, the Township allocated a portion of Trustees salaries to the Motor Vehicle License Tax and the Gasoline Tax Fund. The Trustees did not maintain monthly time logs to support this allocation. Adjustments of \$11,416 and \$10,267 for 2008 and 2007, respectively, have been made to charge all Trustee salaries to the General Fund.

Response by Township

No response received.

**Richland Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2008 and 2007**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-03
Noncompliance

Ohio Revised Code (ORC) Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury when such contract or order is made.

ORC Section 5705.41 also provides that if no certificate was furnished at the time that the contract was entered into, the fiscal officer may prepare a Then and Now Certificate stating (1) that there was at the time of the making of the contract and (2) at the time of the execution of this certificate a sufficient sum appropriated for the purpose of the contract in question in the treasury or in process of collection to the credit of the appropriate fund, free from previous encumbrances. During our testing of disbursements, we noted that funds were not encumbered prior to expenditure for forty-five of the forty-six disbursements tested.

Response by Township

No response received.

Finding Number 2008-04
Noncompliance

ORC 117.38 states that at the time the report is filed with the Auditor of State, the fiscal officer must publish in the newspaper notice of the completion of the report and the fact that the report is available at the office of the fiscal officer. The Township did not publish in the local newspaper that the financial reports were available for public inspection for 2008 and 2007.

Response by Township

No response received.

**Richland Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2008 and 2007**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-05
Noncompliance

ORC Section 5705.39, states that the total appropriations from each fund should not exceed the total of estimated resources available (cash available at the beginning of the year plus estimated receipts for the year).

In 2008 the appropriations exceeded estimated resources by \$6,473 in the General Fund, by \$3,617 in the Fire District Fund and by \$16 in the Road and Bridge Fund. Failure to limit appropriations to the amount of available revenue could result in overspending and negative cash fund balances.

Response by Township

No response received.

Finding Number 2008-06
Noncompliance

ORC Section 5075 sets forth a method that provides for a uniform budget and appropriation process in order to assure that the government entity expends no more than it expects to receive in revenue. In order to accomplish this, all appropriations must be accounted to and from each appropriation fund. While federal and state loans and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded. Thus, a procedure is still required to account for receipt and expenditure. That method is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation. An original appropriation measure must be passed by the taxing authority, and any amendment of, or supplement to, that measure also requires legislative action. Auditor of State Bulletin 2000-008 and 2002-04 prescribe recording these transactions as receipts and disbursements when the Township applies for a project and has administrative responsibilities.

In 2007 the Township received \$38,058 of Issue I money through the Wyandot County Auditor. However, the Township only appropriated \$35,000 causing the expenditures to exceed appropriations in the Capital Projects Fund by \$3,058 contrary to ORC 5705.41(B) which requires all expenditures to be appropriated.

Response by Township

No response received.

**Richland Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2008 and 2007**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-07
Noncompliance

ORC Section 5705.41(B) provides that no money is to be expended unless it has been appropriated. Budgetary expenditures exceeded appropriation authority by \$1,805 in the Fire District Fund and by \$16 in the Road and Bridge Fund in 2008 and by \$3,058 in the Capital Projects Fund for 2007.

Response by Township

No response received.

**Richland Township
Wyandot County, Ohio
Schedule of Prior Audit Findings
December 31, 2008 and 2007**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
2006-001	ORC 5705.4 Fiscal Officer must certify the commitment of money prior to the expenditure taking place.	No	Reissued as Finding 2008-03
2006-002	Appropriations exceeded available resources and amended certificate.	No	Reissued as Finding 2008-05



Mary Taylor, CPA
Auditor of State

RICHLAND TOWNSHIP

WYANDOT 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
JANUARY 19, 2010**