



Mary Taylor, CPA
Auditor of State

**RICHLAND TOWNSHIP
LOGAN COUNTY**

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Mary Taylor, CPA
Auditor of State

Richland Township
Logan County
P.O. Box 95
Belle Center, Ohio 43310

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

July 6, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Richland Township
Logan County
P.O. Box 95
Belle Center, Ohio 43310

To the Board of Trustees:

We have audited the accompanying financial statements of Richland Township, Logan County (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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 § 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 believe 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 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 requires 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 requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State 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 its 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, Logan County, 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 July 6, 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.



Mary Taylor, CPA
Auditor of State

July 6, 2009

**RICHLAND TOWNSHIP
LOGAN COUNTY**

**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>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$64,411	\$111,701		\$176,112
Charges for Services		9,725		9,725
Licenses, Permits, and Fees	5,074	9,175		14,249
Intergovernmental	69,088	124,282	\$18,742	212,112
Special Assessments		540		540
Earnings on Investments	362	243		605
Miscellaneous	16,564	30,366		46,930
Total Cash Receipts	<u>155,499</u>	<u>286,032</u>	<u>18,742</u>	<u>460,273</u>
Cash Disbursements:				
Current:				
General Government	91,730			91,730
Public Safety		61,679		61,679
Public Works		124,786		124,786
Health	29,301	17,910		47,211
Conservation - Recreation	3,502	100		3,602
Capital Outlay	950	5,670	18,742	25,362
Debt Service:				
Redemption of Principal		72,761		72,761
Interest and Other Fiscal Charges		3,069		3,069
Total Cash Disbursements	<u>125,483</u>	<u>285,975</u>	<u>18,742</u>	<u>430,200</u>
Total Receipts Over Disbursements	<u>30,016</u>	<u>57</u>		<u>30,073</u>
Fund Cash Balances, January 1	<u>989</u>	<u>41,333</u>		<u>42,322</u>
Fund Cash Balances, December 31	<u><u>\$31,005</u></u>	<u><u>\$41,390</u></u>	<u><u>\$0</u></u>	<u><u>\$72,395</u></u>

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

**RICHLAND TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PRIVATE PURPOSE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2008**

Cash Receipts:

Earnings on Investments	<u>\$10</u>
Fund Cash Balance, January 1	<u>1,902</u>
Fund Cash Balance, December 31	<u><u>\$1,912</u></u>

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

**RICHLAND TOWNSHIP
LOGAN COUNTY**

**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>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$57,795	\$114,677		\$172,472
Charges for Services		5,197		5,197
Licenses, Permits, and Fees	10,266	10,175		20,441
Intergovernmental	29,451	121,141	\$24,650	175,242
Earnings on Investments	414	357		771
Miscellaneous	22,305	27,069		49,374
Total Cash Receipts	<u>120,231</u>	<u>278,616</u>	<u>24,650</u>	<u>423,497</u>
Cash Disbursements:				
Current:				
General Government	104,832			104,832
Public Safety		65,720		65,720
Public Works		124,909		124,909
Health	13,364	20,468		33,832
Capital Outlay	1,500	15,119	24,650	41,269
Debt Service:				
Redemption of Principal		70,423		70,423
Interest and Other Fiscal Charges		6,642		6,642
Total Cash Disbursements	<u>119,696</u>	<u>303,281</u>	<u>24,650</u>	<u>447,627</u>
Total Receipts Over/(Under) Disbursements	<u>535</u>	<u>(24,665)</u>		<u>(24,130)</u>
Fund Cash Balances, January 1	<u>454</u>	<u>65,998</u>		<u>66,452</u>
Fund Cash Balances, December 31	<u>\$989</u>	<u>\$41,333</u>	<u>\$0</u>	<u>\$42,322</u>

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

**RICHLAND TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PRIVATE PURPOSE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2007**

Cash Receipts:	
Earnings on Investments	<u>\$10</u>
Cash Disbursements:	
Health	<u>34</u>
Receipts (Under) Disbursements	(24)
Fund Cash Balance, January 1	<u>1,926</u>
Fund Cash Balance, December 31	<u><u>\$1,902</u></u>

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

**RICHLAND TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Richland Township, Logan County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection.

The Township participates in one jointly governed organization and the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Notes 6 and 7 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

B.M.R.T. Ambulance District – The District provides rescue services within the District and responds with mutual aid service to any agency requesting services.

Public Entity Risk Pool:

OTARMA provides property and casualty coverage for its members.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

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

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**RICHLAND TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Special Revenue Funds

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

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

Fire District Fund - This fund receives property tax money from a special levy to help cover the cost of fire protection.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Public Works Project Fund - The Township accounts for the memo receipts and expenditures for Issue II money spent on behalf of the Township for constructing, maintaining and repairing Township roads.

Miscellaneous Capital Projects Fund - The Township accounts for the memo receipts and expenditures for Logan County sales tax money spent on behalf of the Township for constructing, maintaining and repairing Township roads.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's Cemetery Endowment Fund, private purpose trust fund, is used for placing flowers on graves as specified by the donor.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**RICHLAND TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

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

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

F. Property, Plant, and Equipment

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

2. EQUITY IN POOLED CASH

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

	2008	2007
Demand deposits	\$74,307	\$42,511
Certificates of deposit		1,713
Total deposits	74,307	44,224

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$160,627	\$155,499	(\$5,128)
Special Revenue	312,100	286,032	(26,068)
Capital Projects	17,181	18,742	1,561
Trust	110	10	(100)
Total	\$490,018	\$460,283	(\$29,735)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$161,605	\$125,483	\$36,122
Special Revenue	351,030	285,975	65,055
Capital Projects	17,470	18,742	(1,272)
Trust	60		60
Total	\$530,165	\$430,200	\$99,965

**RICHLAND TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$125,621	\$120,231	(\$5,390)
Special Revenue	308,613	278,616	(29,997)
Capital Projects	24,500	24,650	150
Trust	30	10	(20)
Total	\$458,764	\$423,507	(\$35,257)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$126,059	\$119,696	\$ 6,363
Special Revenue	367,903	303,281	64,622
Capital Projects	24,500	24,650	(150)
Trust	54	34	20
Total	\$518,516	\$447,661	\$70,855

4. PROPERTY TAX

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

Tangible personal property tax 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 SYSTEM

The Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**RICHLAND TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

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 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.

**RICHLAND TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. RISK MANAGEMENT (Continued)

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):

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

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 \$9,661. 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.

Contributions to OTARMA

2006	\$12,002
2007	\$10,427
2008	\$10,278

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. JOINTLY GOVERNED ORGANIZATION

B.M.R.T. Regional Ambulance District

B.M.R.T. is a jointly governed organization consisting of the Village of Belle Center, McDonald Township, and Richland Township in Logan County, and Taylor-Creek Township in Hardin County. The District is directed by an appointed four-member Board of Trustees. One member is appointed by each political subdivision within the District. The District provides ambulance services within the District. Financial information can be obtained from Donna Canfield, Clerk, 104 West Buckeye Street, Belle Center, Ohio 43310.



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
Logan County
P.O. Box 95
Belle Center, Ohio 43310

To the Board of Trustees:

We have audited the financial statements of Richland Township, Logan County (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated July 6, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also 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 entity, 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 opinion 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.

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 a significant deficiency.

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.

**Internal Control over Financial Reporting
(Continued)**

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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 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 material weaknesses. However, we believe the significant deficiency described above as finding number 2008-001 is also a material weakness.

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated July 6, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 6, 2009.

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



Mary Taylor, CPA
Auditor of State

July 6, 2009

**RICHLAND TOWNSHIP
LOGAN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Material Weakness

Recording of Financial Activity

To assist in the effective management and reporting of financial resources, an entity should have procedures in place to help assure the proper recording of financial activity in the accounting records and financial statements.

The Township's 2008 accounting records and financial statements had revenue classification errors of \$3,594 in the General Fund and \$17,717 in the Special Revenue Fund Type. In addition, the Township recorded "memo" expenditures in the amount of \$1,272 related to the Logan County Sales Tax program in the Special Revenue Gasoline Tax Fund instead of the Miscellaneous Capital Projects Fund.

In 2007, the Township's 2007 accounting records and financial statements had revenue classification errors of \$24,364 in the Special Revenue Funds and \$16,854 in the Capital Projects Fund Type. In addition, there were expenditure classification errors of \$14,320 in the Special Revenue Fund Type. There were also expenditure recording errors of \$240 in the General Fund, and \$244 in Special Revenue Gasoline Tax Fund. The accounting records also had Issue II "memo" revenue and expenditure recording errors, in the amount of \$296, in the Special Revenue Gasoline Tax Fund and Capital Projects Public Works Project Fund, respectively.

The classification errors consisted of but were not limited to the recording of homestead and rollback, tangible personal property replacement, auto registration fees, sales tax and permissive tax levy revenue as property and other local taxes instead of intergovernmental revenue; the recording of auto registration fees as miscellaneous revenue instead of intergovernmental revenue; the recording of manufactured homes settlement revenue as intergovernmental revenue instead of property and other local taxes; the recording of insurance proceeds as intergovernmental instead of miscellaneous revenue; and the recording of debt payments as public works and health instead of principal and interest.

The accompanying financial statements have been adjusted to correct these reporting errors. For those errors that impacted fund balances, the accompanying financial statements and accounting records have been adjusted.

The failure to correctly record revenues and expenditures may not only impact the users' understanding of the financial operations, it may also inhibit the Township's Trustees and management's ability to make sound financial decisions, may impact the Township's ability to comply with budgetary laws, and resulted in the material misstatement of the financial statements.

The Township Fiscal Officer should review the Ohio Township Manual and Auditor of State Audit Bulletins for guidance in the recording of revenues and expenditures. The Township's Fiscal Officer and Trustees should also perform a periodic review of the financial records, as well as a review of the financial statements, to help identify recording errors.

OFFICIALS' RESPONSE:

We did not receive a response from Officials to this finding.

**RICHLAND TOWNSHIP
LOGAN COUNTY**

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

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	Recording of Financial Activity	No	Repeated as Finding 2008-001
2006-002	Ohio Rev. Code 5705.10 – restricted revenues were recorded in the wrong fund.	No	Partially corrected. Reported to management of the Township in a separate letter.



Mary Taylor, CPA
Auditor of State

RICHLAND TOWNSHIP

LOGAN 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
JULY 30, 2009**