

RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Richland Township, Wyandot County, prepared by E. S. Evans and Company, for the audit period January 1, 2005 through December 31, 2006. 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 Auditor's 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 Auditor's 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 29, 2007

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RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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# ***E.S. Evans and Company***

**Certified Public Accountants and Consultants**

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

November 8, 2007

## INDEPENDENT AUDITOR'S REPORT

Richland Township  
Wyandot County, Ohio

We have audited the accompanying financial statements of Richland Township, Wyandot County, (the Township) as of and for the years ended December 31, 2006 and 2005. 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 Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 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 to present its 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 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, 2006 and 2005 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, 2006 and 2005, 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 the Township as of December 31, 2006 and 2005, 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 8, 2007, 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.

A handwritten signature in red ink, appearing to read "E. J. ... and ...", is located in the lower right quadrant of the page.

RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL  
FUND TYPES

For the Year Ended December 31, 2006

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
<u>Cash Receipts:</u>				
Local Taxes	\$ 19,542	\$ 10,751	\$ -	\$ 30,293
Charges for Services	-	8,750	-	8,750
Intergovernmental Revenues	19,706	116,785	20,305	156,796
Interest Revenues	214	475	-	689
Miscellaneous	1,924	1,694	-	3,618
Total Cash Receipts	41,386	138,455	20,305	200,146
<u>Cash Disbursements:</u>				
Current -				
General Government	26,857	-	-	26,857
Public Safety	1,507	8,882	-	10,389
Public Works	2,196	60,157	-	62,353
Health	4,001	-	-	4,001
Other	3,693	-	-	3,693
Debt Service:				
Principal Payments	5,310	5,310	-	10,620
Interest Payments	131	131	-	262
Capital Outlay	140	54,505	20,305	74,950
Total Cash Disbursements	43,835	128,985	20,305	193,125
Total Cash Receipts Over/(Under)				
Cash Disbursements	(2,449)	9,470	-	7,021
<u>Other Financing Receipts/(Disbursements):</u>				
Transfers-In	-	-	-	-
Transfers-Out	-	-	-	-
Total Other Financing Receipts/(Disbursements)	-	-	-	-
Cash Receipts and Other Financing Receipts				
Over/(Under) Cash Disbursements and Other				
Financing Disbursements	(2,449)	9,470	-	7,021
<u>Fund Cash Balance - January 1, 2006</u>	22,104	54,632	-	76,736
<u>Fund Cash Balance - December 31, 2006</u>	\$ 19,655	\$ 64,102	\$ -	\$ 83,757

The accompanying notes are an integral part  
of these financial statements.

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, 2005

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
<u>Cash Receipts:</u>				
Local Taxes	\$ 21,780	\$ 11,079	\$ -	\$ 32,859
Charges for Services	-	8,750	-	8,750
Intergovernmental Revenues	21,388	111,133	56,921	189,442
Interest Revenues	298	669	-	967
Miscellaneous	754	3,600	-	4,354
Total Cash Receipts	<u>44,220</u>	<u>135,231</u>	<u>56,921</u>	<u>236,372</u>
<u>Cash Disbursements:</u>				
Current -				
General Government	25,626	-	-	25,626
Public Safety	1,506	13,053	-	14,559
Public Works	2,211	60,583	-	62,794
Health	3,913	-	-	3,913
Other	11,600	-	-	11,600
Debt Service:				
Principal Payments	2,499	7,781	-	10,280
Interest Payments	147	455	-	602
Capital Outlay	3,527	88,329	56,921	148,777
Total Cash Disbursements	<u>51,029</u>	<u>170,201</u>	<u>56,921</u>	<u>278,151</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(6,809)</u>	<u>(34,970)</u>	<u>-</u>	<u>(41,779)</u>
<u>Other Financing Receipts/(Disbursements):</u>				
Transfers-In	-	-	-	-
Transfers-Out	-	-	-	-
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,809)	(34,970)	-	(41,779)
Fund Cash Balance - January 1, 2005	<u>28,913</u>	<u>89,602</u>	<u>-</u>	<u>118,515</u>
Fund Cash Balance - December 31, 2005	<u>\$ 22,104</u>	<u>\$ 54,632</u>	<u>\$ -</u>	<u>\$ 76,736</u>

The accompanying notes are an integral part  
of these financial statements.

RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Richland Township, Wyandot County, (the Township), as a political and corporate body. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, 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 the financial statements present all activities for which the Township is financially accountable.

Basis of Accounting

These financial statements follow the accounting basis prescribed or permitted by the Auditor of State. This basis is similar to the cash receipts and disbursements basis of accounting. Consequently, receipts are recognized when received 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.

Cash and Investments

The Township maintains a checking account which is valued at cost.

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

RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Special Revenue Funds

The Special Revenue Funds account for proceeds from specific sources (other than 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.

Motor Vehicle License Fund – This fund receives motor vehicle license tax money to pay for constructing, maintaining, and repairing Township roads.

Road and Bridge Fund – This fund receives property tax money to pay for constructing, maintaining, and repairing Township roads and bridges.

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

Capital Project Funds

The Capital Project Funds are used to 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 funds:

P.W.C. Fund – The Township received an Issue II grant from the State of Ohio through the Wyandot County Auditor for repaving of roads.

Budgetary Process

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

Estimated Resources

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

RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies - (continued)

Budgetary Process - (continued)

Appropriations

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

Encumbrances

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

A summary of 2006 and 2005 budgetary activity appears in Note 3.

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.

Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Note 2 – Equity in Pooled Cash

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

	<u>2006</u>		<u>2005</u>
Demand Deposits	\$ 83,757	\$	76,736
Total Deposits	\$ 83,757	\$	76,736

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

RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2006 and 2005

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 62,691	\$ 41,386	\$ (21,305)
Special Revenue	161,081	138,455	(22,626)
Capital Projects	70,000	20,305	(49,695)
	<u>\$ 293,772</u>	<u>\$ 200,146</u>	<u>\$ (93,626)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 62,691	\$ 43,835	\$ 18,856
Special Revenue	171,081	128,985	42,096
Capital Projects	70,000	20,305	49,695
	<u>\$ 303,772</u>	<u>\$ 193,125</u>	<u>\$ 110,647</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 71,028	\$ 44,220	\$ (26,808)
Special Revenue	213,570	135,231	(78,339)
Capital Projects	140,000	56,921	(83,079)
	<u>\$ 424,598</u>	<u>\$ 236,372</u>	<u>\$ (188,226)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 71,028	\$ 51,029	\$ 19,999
Special Revenue	213,570	170,201	43,369
Capital Projects	140,000	56,921	83,079
	<u>\$ 424,598</u>	<u>\$ 278,151</u>	<u>\$ 146,447</u>

RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2006 and 2005

Note 3 – Budgetary Activity – (continued)

Contrary to Ohio law, appropriations exceeded estimated resources by \$10,000 in the Fire District (Special Revenue) Fund at December 31, 2006.

Contrary to Ohio law, appropriations exceeded actual available resources by \$49,695 and \$83,079 in the P.W.C. (Capital Projects) Fund at December 31, 2006 and 2005, respectively.

Note 4 - Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees adopts 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 State pays the Township amounts equaling these deductions. The Township includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Township's behalf.

Note 5 – Retirement Systems

Ohio Public Employees Retirement System (OPERS)

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

The Ohio Revised Code also prescribes contribution rates. For 2005, OPERS members contributed 8.5 percent of their gross salary. The Township contributed an amount equal to 13.55 percent of participants' gross salaries. For 2006, OPERS members contributed 9.0 percent of their gross salary. The Township contributed an amount equaling 13.70 percent of participants' gross salaries. The Township has paid all required contributions through December 31, 2006.

RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2006 and 2005

Note 6 - Risk Management

Risk Pool Membership

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. 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' deductible.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss 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. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

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 \$500,000,000 per occurrence.

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.

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.

RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2006 and 2005

Note 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, 2005 and 2004 (the latest information available):

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$ 30,485,638	\$ 28,132,620
Liabilities	(12,344,576)	(11,086,379)
Retained Earnings	\$ <u>18,141,062</u>	\$ <u>17,046,241</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$ 9,177,796	\$ 7,588,343
Liabilities	(1,406,031)	(543,176)
Retained Earnings	\$ <u>7,771,765</u>	\$ <u>7,045,167</u>

At December 31, 2005 and 2004, respectively, casualty coverage liabilities noted above include approximately \$11.6 million and \$10.3 million of estimated incurred claims payable. The casualty coverage assets and retained earnings above also 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, 2005 and 2004, 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 \$17,989. 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.

RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2006 and 2005

Note 6 - Risk Management – (continued)

	Township Contributions to OTARMA
2003	\$ 7,085
2004	8,816
2005	8,967
2006	9,022

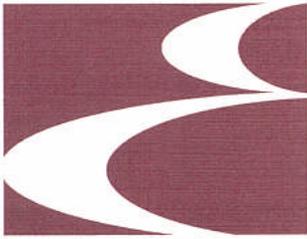
After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus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

Note 7 - Debt Obligations

The Township had no debt outstanding at December 31, 2006. The Fire Tanker Truck loan was paid in full during 2006.

Note 8 – Other Material Noncompliance

Contrary to Ohio law, the Township did not issue a purchase order prior to making some purchases of goods and services.



# ***E.S. Evans and Company***

**Certified Public Accountants and Consultants**

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

November 8, 2007

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

Richland Township  
Wyandot County, Ohio

We have audited the financial statements of the Richland Township, Wyandot County, Ohio, (the Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated November 8, 2007, wherein we noted the Township followed accounting practices the Auditor of State 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 Richland Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Richland Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Richland Township's internal control over financial reporting.

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 internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 Richland 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 a misstatement of Richland Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

We consider the following deficiencies described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2006-001 and 2006-002.

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 Richland Township'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, we believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to Richland Township's management in separate letter dated November 8, 2007.

#### Compliance and Other Matters

As part of reasonably assuring whether Richland Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying schedule of findings as items 2006-001 and 2006-002.

In a separate letter to Richland Township's management dated November 8, 2007, we reported other matters related to noncompliance.

We intend this report solely for the information and use of management of Richland Township and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties.

A handwritten signature in red ink, appearing to read "E. J. ... and ...".

RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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SCHEDULE OF FINDINGS  
December 31, 2006 and 2005

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2006-001 – Noncompliance and Significant Deficiency

Ohio Revised Code § 5705.41 (D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall void and no warrant shall be issued in payment of any amount due thereon.

Currently, Richland Township issues a purchase order at the time an invoice is paid instead of obtaining the certification prior to entering into the contract or making the purchase. However, there are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate — If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Trustees can authorize the drawing of a warrant for the payment of the amount due. The Trustees have thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Trustees.

2. Blanket Certificate — Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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SCHEDULE OF FINDINGS  
December 31, 2006 and 2005

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2006-001 – Noncompliance and Significant Deficiency – (continued)

3. Super Blanket Certificate — The Trustees may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Certification is not only required by Ohio law, but is a key control in the disbursements process to help assure purchase commitments receive prior approval, and to help reduce the possibility of Township funds being over expended or exceeding budgetary spending limitations as set by the Trustees.

To improve controls over disbursements, we recommend all Township disbursements receive prior certification of the Fiscal Officer and the Trustees periodically review the expenditures made to ensure they are within the appropriations adopted by the Trustees, certified by the Fiscal Officer, and recorded against appropriations.

Township Response – The Township will take this under consideration for the future.

Finding Number 2006-002 – Noncompliance Citation and Significant Deficiency

Ohio Revised Code Section 5705.36 defines certifying available revenue and amending such certifications should a determination by the fiscal officer be made that revenue actually to be collected will be greater or less than the amount included in the official certificate.

Upon determination by the fiscal officer that the revenue to be collected by the subdivision will be less than the amount included in the official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriation, the fiscal officer shall certify the amount of deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. For the years ended December 31, 2006 and 2005, appropriations exceeded actual available resources by \$49,695 and \$83,079 in the P.W.C. (Capital Projects) Fund, respectively. We recommend that monitoring procedures be implemented to monitor actual receipts in comparison to the certification of available revenue and that any deficiencies be properly certified to the County Auditor.

Township Response – The Township has taken measures to correct this in 2007.

RICHLAND TOWNSHIP  
WYANDOT COUNTY, OHIO

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SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2006 and 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-001	Purchase Orders	No	Repeated as current audit comment #2006-001





**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  
DECEMBER 13, 2007**