



Mary Taylor, CPA  
Auditor of State



**RICHLAND TOWNSHIP  
DARKE COUNTY**

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**Mary Taylor, CPA**  
Auditor of State

Richland Township  
Darke County  
9431 Horner Road  
Versailles, OH 45380

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.

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

**Mary Taylor, CPA**  
Auditor of State

May 21, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Richland Township  
Darke County  
9431 Horner Road  
Versailles, OH 45380

To the Board of Trustees:

We have audited the accompanying financial statements of Richland Township, Darke 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 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, 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 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, Darke County, 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 May 21, 2008, 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

May 21, 2008

**RICHLAND TOWNSHIP  
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$25,657	\$14,321	\$39,978
Licenses, Permits, and Fees		2,075	2,075
Intergovernmental	25,319	105,096	130,415
Earnings on Investments	199	1,974	2,173
Miscellaneous	745		745
Total Cash Receipts	<u>51,920</u>	<u>123,466</u>	<u>175,386</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	46,314	294	46,608
Public Safety		13,711	13,711
Public Works	1,661	59,735	61,396
Health		8,003	8,003
Total Cash Disbursements	<u>47,975</u>	<u>81,743</u>	<u>129,718</u>
Total Receipts Over Disbursements	<u>3,945</u>	<u>41,723</u>	<u>45,668</u>
<b>Other Financing Receipts:</b>			
Other Financing Sources	56		56
Total Other Financing Receipts	<u>56</u>		<u>56</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	4,001	41,723	45,724
Fund Cash Balances, January 1	<u>24,743</u>	<u>293,013</u>	<u>317,756</u>
Fund Cash Balances, December 31	<u><u>\$28,744</u></u>	<u><u>\$334,736</u></u>	<u><u>\$363,480</u></u>

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

**RICHLAND TOWNSHIP  
DARKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Private Purpose Trust Funds</b>
<b>Cash Receipts:</b>	
Interest	\$628
Total Cash Receipts	<u>628</u>
Fund Cash Balance, January 1	<u>33,239</u>
Fund Cash Balance, December 31	<u><u>\$33,867</u></u>

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

**RICHLAND TOWNSHIP  
DARKE COUNTY**

**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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$24,298	\$14,205	\$38,503
Licenses, Permits, and Fees		4,300	4,300
Intergovernmental	20,888	83,448	104,336
Earnings on Investments	156	1,195	1,351
Miscellaneous	1,853	1,375	3,228
Total Cash Receipts	<u>47,195</u>	<u>104,523</u>	<u>151,718</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	82,030	310	82,340
Public Safety		14,516	14,516
Public Works	539	32,028	32,567
Health		7,996	7,996
Total Cash Disbursements	<u>82,569</u>	<u>54,850</u>	<u>137,419</u>
Total Receipts Over/(Under) Disbursements	<u>(35,374)</u>	<u>49,673</u>	<u>14,299</u>
Other Financing Receipts and (Disbursements):			
Transfers In		13,928	13,928
Transfers Out	(4,250)	(9,678)	(13,928)
Total Other Financing Receipts/(Disbursements)	<u>(4,250)</u>	<u>4,250</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(39,624)	53,923	14,299
Fund Cash Balances, January 1	<u>64,367</u>	<u>239,090</u>	<u>303,457</u>
Fund Cash Balances, December 31	<u>\$24,743</u>	<u>\$293,013</u>	<u>\$317,756</u>

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

**RICHLAND TOWNSHIP  
DARKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>Private Purpose Trust Funds</b>
<b>Cash Receipts:</b>	
Interest	\$369
Total Cash Receipts	<u>369</u>
Fund Cash Balance, January 1	<u>32,870</u>
Fund Cash Balance, December 31	<u><u>\$33,239</u></u>

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

**RICHLAND TOWNSHIP  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**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, Darke 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, fire protection and emergency medical services. The Township contracts with the Ansonia Fire Department, Gettysburg Fire Department, and Versailles Fire Department to provide fire services to provide fire services.

The Township participates in Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**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.

The Township values certificates of deposit at cost.

**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.

**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:

**RICHLAND TOWNSHIP  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**Road and Bridge Fund** - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

**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 money to pay for constructing, maintaining, and repairing Township roads.

**Fire District Levy Fund** – This fund receives the proceeds of a property tax levy for providing fire protection.

**3. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary funds:

**Charlene Ashman Cemetery Bequest Fund** - Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**Ben Coppess Cemetery Bequest Fund** - Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**Lessie Kelsey Cemetery Bequest Fund** - Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**Lucille Clark Cemetery Bequest Fund** - Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep 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  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(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. The Township did not encumber all commitments required by Ohio law.

A summary of 2006 and 2005 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 AND INVESTMENTS**

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

	<b>2005</b>	<b>2006</b>
Demand deposits	\$320,013	\$366,365
Certificates of deposit	30,982	30,982
Total deposits	\$350,995	\$397,347

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

**3. BUDGETARY ACTIVITY**

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

<b>2006 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$75,000	\$51,976	(\$23,024)
Special Revenue	62,500	123,466	60,966
Fiduciary	505	628	123
Total	\$138,005	\$176,070	\$38,065

**RICHLAND TOWNSHIP  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2006 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$96,307	\$47,975	\$48,332
Special Revenue	310,212	81,743	228,469
Fiduciary	49,333		49,333
Total	<u>\$455,852</u>	<u>\$129,718</u>	<u>\$326,134</u>

<b>2005 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$54,721	\$47,195	(\$7,526)
Special Revenue	95,042	118,451	23,409
Fiduciary	500	369	(131)
Total	<u>\$150,263</u>	<u>\$166,015</u>	<u>\$15,752</u>

<b>2005 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$130,494	\$86,819	\$43,675
Special Revenue	322,263	64,528	257,735
Fiduciary	33,022		33,022
Total	<u>\$485,779</u>	<u>\$151,347</u>	<u>\$334,432</u>

**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.

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

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.

**RICHLAND TOWNSHIP  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**5. RETIREMENT SYSTEMS**

The Township's trustees and fiscal officer belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Township had unpaid contributions of \$447.91 and penalty charges of \$83.42 at December 31, 2006. These amounts were subsequently paid by the Township in March of 2007.

**6. RISK MANAGEMENT**

**A. Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

There were no significant changes in coverage from the prior year.

**B. 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' deductibles.

**C. 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, including loss adjustment expenses. 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 OTARMA'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 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

**RICHLAND TOWNSHIP  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**D. 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. 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 values. 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 2006 was \$1,901,127.

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.

**E. 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, 2006 and 2005:

<b>Casualty Coverage</b>	<b>2006</b>	<b>2005</b>
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>
<b>Property Coverage</b>	<b>2006</b>	<b>2005</b>
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained earnings	<u>\$ 9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, 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 \$7,968. 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  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**Contributions to OTARMA**

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2004	\$3,952
2005	\$3,968
2006	\$3,984

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

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# 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  
Darke County  
9431 Horner Road  
Versailles, OH 45380

To the Board of Trustees:

We have audited the financial statements of Richland Township, Darke County, (the Township), as of and for the year ended December 31, 2006, and 2005, and have issued our report thereon dated May 21, 2008, wherein we noted the Township prepared its financial statements using 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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

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

We consider the following deficiencies described in the accompanying schedule of to be significant deficiencies in internal control over financial reporting: Findings 2006-006 through 2006-007 and findings 2006-009 through 2006-017.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal 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, of the significant deficiencies described above, we believe finding numbers 2006-009 and 2006-010, and 2006-012 through 2006-015 are material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated May 21, 2008.

**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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2006-001 through 2006-011.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated May 21, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



**Mary Taylor, CPA**  
Auditor of State

May 21, 2008

**RICHLAND TOWNSHIP  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING 2006-001**

**Finding for Recovery**

**Ohio Rev. Code Section 505.601** states if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

- A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium that they incur for insurance policies described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.
- B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee, beyond which the township will not reimburse the officer or employee.
- C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

Attorney General Opinion 2005-038 determined that township officer's and employees could be reimbursed for out-of-pocket premium expenses attributable to an officer/employee that are obtained through a spouse's employer. However, the reimbursement through a spouse's plan is limited to the "out-of-pocket premium that the officer or employee incurs" because the policies described in 505.60(A) do not include family coverage. Therefore, the township should not reimburse for premium costs attributable to the spouse or dependents.

The Township mistakenly believed that it could reimburse its officers/employees for the out of pocket premium associated with family coverage. As stated above, a township may only reimburse an officer/employee for the premium attributable to that officer/employee. All such warrants for reimbursement for out-of-pocket premiums were signed by the Trustees and the Fiscal Officer.

The Township reimbursed Richland Township Trustee Daniel L. Hart, \$2,400 for each year in 2005, 2006, and 2007, which was in excess of his actual out-of-pocket premium expenses attributable to him only.

In 2005, Daniel Hart's allowable out-of-pocket expenses were his portion of his spouse's Public Employees Retirement System (PERS) health care deduction in the amount of \$872.16; Social Security Medicare Part B premiums in the amount of \$938.40; and one half of his spouses long-term disability insurance of \$142.56 or \$71.28, for a total allowable out-of-pocket reimbursement amount of \$1,881.84. Therefore, the Township reimbursement exceeded his allowable out-of-the pocket premium expenses in the total amount of \$518.16.

In 2006, Daniel Hart's allowable out-of-pocket expenses were his portion of his spouse's PERS health care deduction in the amount of \$885; Social Security Medicare Part B premiums in the amount of \$1,062; and one half of his spouses long-term disability insurance of \$212.16 or \$106.08, for a total allowable out-of-pocket reimbursement amount of \$2,053.08. Therefore, the Township reimbursement exceeded his allowable out-of-pocket health premium expenses in the total amount of \$346.92.

**FINDING 2006-001  
(Continued)**

In 2007, Daniel Hart's allowable out-of-pocket expenses were his portion of his spouse's PERS health care deduction in the amount of \$913.92; and Social Security Medicare Part B premiums in the amount of \$1,122, for a total allowable out-of-pocket reimbursement amount of \$2,035.92. Therefore, the Township reimbursement exceeded his allowable out-of-pocket health insurance premium expenses in the total amount of \$364.08.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Daniel L. Hart, former Richland Township Trustee, in the total amount of \$1,229.16 in favor of the Richland Township General Fund.

The 2005 excess out-of-pocket expenditures in the amount of \$518.16 paid to former Trustee Daniel Hart were approved by former Trustee Kenneth Huston and Trustee Michael Oliver. The 2006 and 2007 excess out-of-pocket expenditures totaling \$711 paid to former Trustee Daniel Hart were approved by Trustees Michael Oliver and Robert Wagner. The out-of-pocket expense reimbursements in 2005, 2006, and 2007 were processed and paid by former Fiscal Officer Sandra Marker.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure was made is strictly liable for the amount of the expenditure. Seward v. National Surety Corp., 120 Ohio St 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074.

Accordingly, a Finding for Recovery is hereby issued against former Trustee Kenneth Huston and Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$518.16 and in favor of Richland Township for the 2005 expenditure. Former Trustee Kenneth Huston and the Ohio Township Risk Management Authority shall be secondarily liable to the extent that recovery or restitution is not obtained from Daniel L. Hart.

A Finding for Recovery is hereby issued against Trustee Robert Wagner and the Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$711 and in favor of Richland Township for the 2006 and 2007 expenditures. Trustee Robert Wagner and the Ohio Township Risk Management Authority shall be secondarily liable to the extent that recovery or restitution is not obtained from Daniel L. Hart.

A Finding for Recovery is hereby issued against Trustee Michael Oliver, former Township Fiscal Officer Sandra Marker, and the Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$1,229.16 and in favor of Richland Township. Trustee Michael Oliver, Fiscal Officer Sandra Marker, and the Ohio Township Risk Management Authority shall be secondarily liable to the extent that recovery or restitution is not obtained from Daniel L. Hart

**Officials Response:**

No response was received.

**FINDING 2006-002**

**Finding for Recovery**

**Ohio Rev. Code Section 505.601** states if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

- A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium that they incur for insurance policies described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.
- B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee, beyond which the township will not reimburse the officer or employee.
- C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

Attorney General Opinion 2005-038 determined that township officer's and employees could be reimbursed for out-of-pocket premium expenses attributable to an officer/employee that are obtained through a spouse's employer. However, the reimbursement through a spouse's plan is limited to the "out-of-pocket premium that the officer or employee incurs" because the policies described in 505.60(A) do not include family coverage. Therefore, the township should not reimburse for premium costs attributable to the spouse or dependents.

The Township mistakenly believed that it could reimburse its officers/employees for the out of pocket premium associated with family coverage. As stated above, a township may only reimburse an officer/employee for the premium attributable to that officer/employee. All such warrants for reimbursement for out-of-pocket premiums were signed by the Trustees and the Fiscal Officer.

The Township reimbursed Richland Township Trustee Robert Wagner, \$423 for each year in 2006 and 2007, for out-of-pocket health insurance expenses. The premium costs of the family coverage held by his spouse through her employer was the same amount whether it was single or family coverage. Therefore, none of the amount reimbursed was allowable because there was no additional out-of-pocket premium expense attributable to Trustee Wagner. Consequently, the total Township premium reimbursement exceeded his allowable out-of-the pocket premium expenses in the amount of \$846.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Robert Wagner, Richland Township Trustee, in the amount of \$846 in favor of the Richland Township General Fund.

The 2006 and 2007 out-of-pocket expenditures totaling \$846 paid to Trustee Robert Wagner were approved by Trustee Michael Oliver and former Trustee Daniel Hart and processed and paid by former Fiscal Officer Sandra Marker.

**FINDING 2006-002  
(Continued)**

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure was made is strictly liable for the amount of the expenditure. Seward v. National Surety Corp., 120 Ohio St 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074.

Accordingly, a Finding for Recovery is hereby issued against Trustee Michael Oliver, former Trustee Daniel Hart, former Fiscal Officer Sandra Marker, and Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$846 and in favor of Richland Township. Trustee Michael Oliver, former Trustee Daniel Hart, former Fiscal Officer Sandra Marker, and the Ohio Township Risk Management Authority shall be secondarily liable to the extent that recovery or restitution is not obtained from Trustee Robert Wagner.

**Officials Response:**

No response was received.

**FINDING 2006-003**

**Finding for Recovery**

**Ohio Rev. Code Section 505.601** states if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

- A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium that they incur for insurance policies described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.
- B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee, beyond which the township will not reimburse the officer or employee.
- C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

Attorney General Opinion 2005-038 determined that township officer's and employees could be reimbursed for out-of-pocket premium expenses attributable to an officer/employee that are obtained through a spouse's employer. However, the reimbursement through a spouse's plan is limited to the "out-of-pocket premium that the officer or employee incurs", because the policies described in 505.60(A) do not include family coverage. Therefore, the township should not reimburse for premium costs attributable to the spouse or dependents.

**FINDING 2006-003  
(Continued)**

The Township mistakenly believed that it could reimburse its officers/employees for the out of pocket premium associated with family coverage. As stated above, a township may only reimburse an officer/employee for the premium attributable to that officer/employee. All such warrants for reimbursement for out-of-pocket premiums were signed by the Trustees and the Fiscal Officer.

The Township reimbursed Richland Township Trustee Michael Oliver \$2,400 for each year in 2005, 2006, and 2007, which was in excess of out-of-pocket health insurance expenses for his portion of the family coverage that were attributable to him only.

In 2005, Michael Oliver would have been allowed out-of-pocket premium expenses for the single coverage portion of his family coverage expenses for health and dental care. The family's health insurance plan was through his spouse's employer and the cost of single coverage on that plan would have been \$901.44 for 2005. Therefore, the Township's \$2,400 reimbursement exceeded his allowable out-of-pocket expenses in the total amount of \$1,498.56.

In 2006, Michael Oliver would have been allowed out-of-pocket premium expenses for the single coverage portion of his family coverage expenses for health and dental care. The family's health insurance plan was through his spouse's employer and the cost of single coverage on that plan would have been \$1,252.56 for 2006. Therefore, the Township's \$2,400 reimbursement exceeded his allowable out-of-pocket expenses in the total amount of \$1,147.44.

In 2007, Michael Oliver would have been allowed out-of-pocket premium expenses for the single coverage portion of his family coverage expenses for health and dental care. The family's health insurance plan was through his spouse's employer and the cost of single coverage on that plan would have been \$1,252.80 for 2007. Therefore, the Township's \$2,400 reimbursement exceeded his allowable out-of-pocket expenses in the total amount of \$1,147.20.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Michael Oliver in the total amount of \$3,793.20 in favor of the Richland Township General Fund.

The 2005 excess out-of-pocket expenditures of \$1,498.56 paid to Trustee Michael Oliver were approved by former Trustees Kenneth Huston and Daniel Hart. The 2006 and 2007 excess out-of-pocket expenditures totaling \$2,294.64 paid to Trustee Michael Oliver were approved by Trustees Robert Wagner and former Trustee Daniel Hart. All expenditures were processed and paid by former Fiscal Officer Sandra Marker.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure was made is strictly liable for the amount of the expenditure. Seward v. National Surety Corp., 120 Ohio St 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074.

Accordingly, a Finding for Recovery is hereby issued against former Trustee Kenneth Huston and Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$1,498.56 and in favor of Richland Township for the 2005 expenditure. Former Trustee Kenneth Huston and the Ohio Township Risk Management Authority shall be secondarily liable to the extent that recovery or restitution is not obtained from Michael Oliver.

**FINDING 2006-003  
(Continued)**

A Finding for Recovery is hereby issued against Trustee Robert Wagner and the Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$2,294.64 and in favor of Richland Township for the 2006 and 2007 expenditures. Trustee Robert Wagner and the Ohio Township Risk Management Authority shall be secondarily liable to the extent that recovery or restitution is not obtained from Michael Oliver.

A Finding for Recovery is hereby issued against former Trustee Daniel Hart, former Fiscal Officer Sandra Marker, and the Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$3,793.20 and in favor of Richland Township. Daniel Hart, Sandra Marker, and the Ohio Township Risk Management Authority shall be secondarily liable to the extent that recovery or restitution is not obtained from Michael Oliver.

**Officials Response:**

No response was received.

**FINDING 2006-004**

**Finding for Recovery**

**Ohio Rev. Code Section 505.601** states if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

- A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium that they incur for insurance policies described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.
- B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee, beyond which the township will not reimburse the officer or employee.
- C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

Attorney General Opinion 2005-038 determined that township officer's and employees could be reimbursed for out-of-pocket premium expenses attributable to an officer/employee that are obtained through a spouse's employer. However, the reimbursement through a spouse's plan is limited to the "out-of-pocket premium that the officer or employee incurs" because the policies described in 505.60(A) do not include family coverage. Therefore, the township should not reimburse for premium costs attributable to the spouse or dependents.

The Township mistakenly believed that it could reimburse its officers/employees for the out of pocket premium associated with family coverage. As stated above, a township may only reimburse an officer/employee for the premium attributable to that officer/employee. All such warrants for reimbursement for out-of-pocket premiums were signed by the Trustees and the Fiscal Officer.

**FINDING 2006-004  
(Continued)**

The Township reimbursed Sandra Marker, Richland Township Fiscal Officer, \$2,400 for each year in 2005, 2006, and 2007, which was in excess of her actual out-of-pocket premium health insurance expenses attributable to her only.

In 2005, Sandra Marker would have been allowed out-of-pocket expenses for the single coverage portion of her family coverage expenses for healthcare (policy covered herself and two children) of \$3,656.04 or \$1,596. Therefore, the total Township reimbursement exceeded her out-of-the pocket expenses in the total amount of \$804.

In 2006, Sandra Marker would have been allowed out-of-pocket expenses for the single coverage portion of her family coverage expenses for healthcare of \$2,831.40 or \$1,644. Therefore, the total Township reimbursement exceeded her out-of-the pocket expenses in the total amount of \$756.

In 2007, Sandra Marker would have been allowed out-of-pocket expenses for the single coverage portion of her family coverage expenses for healthcare of \$3,599.24 or \$1,932. Therefore, the total Township reimbursement exceeded her out-of-the pocket expenses in the total amount of \$468.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Sandra Marker, Richland Township Fiscal Officer, in the total amount of \$2,028 in favor of the Richland Township General Fund.

The 2005 excess out-of-pocket insurance expenditures of \$804 paid to Fiscal Officer Sandra Marker were approved by former Trustee Kenneth Huston and Trustees Daniel Hart and Michael Oliver. The 2006 and 2007 excess out-of-pocket insurance expenditures totaling \$1,224 paid to Fiscal Officer Sandra Marker were approved by Trustees Robert Wagner, Michael Oliver, and Daniel Hart.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure was made is strictly liable for the amount of the expenditure. Seward v. National Surety Corp., 120 Ohio St 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074.

Accordingly, a Finding for Recovery is hereby issued against former Trustee Kenneth Huston and Ohio Township Association Risk Management Authority, his bonding company, jointly and severally, in the total amount of \$804 and in favor of Richland Township for the excess 2005 out-of-pocket insurance expenditure. Former Trustee Kenneth Huston and the Ohio Township Risk Management Authority shall be secondarily liable to the extent that recovery or restitution is not obtained from Sandra Marker.

A Finding for Recovery is hereby issued against Trustee Robert Wagner and the Ohio Township Association Risk Management Authority, his bonding company, jointly and severally, in the total amount of \$1,224 and in favor of Richland Township for the excess 2006 and 2007 out-of-pocket insurance expenditures. Trustee Robert Wagner and the Ohio Township Risk Management Authority shall be secondarily liable to the extent that recovery or restitution is not obtained from Sandra Marker.

**FINDING 2006-004  
(Continued)**

A Finding for Recovery is hereby issued against former Trustee Daniel Hart and Trustee Michael Oliver, and the Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the total amount of \$2,028 and in favor of Richland Township for the excess 2005, 2006, and 2007 out-of-pocket insurance expenditures. Former Trustee Daniel Hart, Trustee Michael Oliver, and the Ohio Township Risk Management Authority shall be secondarily liable to the extent that recovery or restitution is not obtained from Sandra Marker.

**Officials Response:**

No response was received.

**FINDING 2006-005**

**Noncompliance**

**1982 Opinion Attorney General No. 82-031** concluded that Ohio Const. art. XII, 5a requires that interest earned on motor vehicle fuel tax proceeds be credited to the special fund to which the principal belongs, rather than being paid into the general fund.

The Township did not post interest earned to the Motor Vehicle License Tax Fund and the Gas Tax Fund of \$169 and \$1,805, respectively, as required in 2006. The Township did not post interest earned to the Motor Vehicle License Tax Fund and the Gas Tax Fund of \$161 and \$982, respectively, as required in 2005. The accompanying financial statements contain the required adjustments to reflect the interest earned in the funds receiving motor fuel taxes.

The Township Fiscal officer should place policies and procedures in effect to periodically allocate interest to the Motor Vehicle Tax and Gas Tax Funds. In addition, the Trustees should periodically monitor that interest has been allocated to these funds by reviewing the funds revenue activity.

**Officials Response:**

No response was received.

**FINDING 2006-006**

**Noncompliance / Significant Deficiency**

**Ohio Rev. Code Section 149.351 (A)**, states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under **Sections 149.38 through 149.42** of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred or destroyed unlawfully.

Our procedures noted twenty instances totaling \$8,686 during 2006 and nineteen instances totaling \$10,030 during 2005, in which adequate supporting documentation was not maintained for the payments made. These payments included the Fiscal Officer and Trustees' out-of-pocket health insurance reimbursements, and payments made to the Beamsville Memorial Association, Stelvideo Memorial Association, Greenville Postmaster, and Darke County Township Association. In addition, there were missing 2006 and 2005 tax settlement sheets supporting the amounts received from Darke County.

**FINDING 2006-006  
(Continued)**

All invoices or other forms of supporting documentation should be maintained to provide assurance that amounts paid are correct and are paid to the proper vendor. The Fiscal Officer should maintain all tax settlements in an orderly fashion as support for the revenue allocation to each fund.

Failure to retain these required public records results in an incomplete audit trail and could cause potential problems for future management decisions and may result in findings for recoveries in future audits. The Township should implement procedures which would strengthen control over their physical assets and preservation of records.

**Officials Response:**

The Association payments were donations and the Township has never received receipts.

**FINDING 2006-007**

**Noncompliance / Significant Deficiency**

**Ohio Rev. Code Section 5705.41(D)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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 Township can authorize the drawing of a warrant for the payment of the amount due. The Township has 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 Township.

2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority, against any specific line item account over a period not running beyond the current 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.

**FINDING 2006-007  
(Continued)**

- 3. Super Blanket certificate** – The Township 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 one line item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 70% of 2006 disbursements and 82% of 2005 disbursements, and the aforementioned exceptions were not properly utilized. The failure to properly certify the availability of funds can result in overspending and negative cash fund balances and as such represents a significant control in the disbursement process.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Township's Fiscal Officer certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Officials Response:**

The Trustees will not use purchase orders.

**FINDING 2006-008**

**Noncompliance**

**Ohio Rev. Code Section 5705.36(A)1(b)**, states that fiscal officers of subdivisions and other taxing units are to certify to the County Auditor, the total amount from all sources which is available for expenditure from each fund in the tax budget along with any unencumbered balance that existed at the end of the preceding year excluding the principal of a nonexpendable trust fund established under section 5705.131 of the Revised Code and any additions to principal arising from sources other than the reinvestment of investment earnings arising from that fund.

In 2006 and 2005, the Township certified the balances of their non-expendable trust funds as being available for expenditure, contrary to this requirement.

The Township should place procedures in effect to prevent the principal of non-expendable trust fund balances from being certified to the County Auditor as available for expenditure.

**Officials Response:**

The certification of amounts available for both years were based on the prior years forms.

**FINDING 2006-009**

**Noncompliance / Material Weakness**

**Ohio Rev. Code Section 5705.10**, requires that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. The Township failed to properly record the receipt of property taxes and intergovernmental revenue in special funds established for that purpose during 2006 and 2005 resulting in significant misstatement to the funds involved.

The adjustments required to accurately state the Township's fund balances as of December 31, are as follows:

2006 Fund Type	Township's Ending Fund Balance	Misstatement Increase or (Decrease)	Audited Ending Fund Balance
<b>General Fund</b>	\$25,940	\$2,804	\$28,744
<b>Special Revenue Funds:</b>			
Motor Vehicle License Tax	22,121	9,006	31,127
Gas Tax	253,052	41,493	294,545
Road & Bridge	5,301	5,585	10,886
Cemetery	1,614	(7,024)	(5,410)
Fire District Levy	170	3,418	3,588
Total Special Revenue Fund	282,258	52,478	334,736
<b>Expendable Trust Fund</b>	280	(280)	0
<b>Private Purpose Funds:</b>			
Non-Expendable Trust	20,082	(20,082)	0
Lucille Clark Trust (1)	10,519	302	10,821
Lucille Clark Trust (2)	10,529	308	10,837
Ashman Trust	3,333	(1,595)	1,738
Kelsey Trust	3,832	(1,838)	1,994
Coppess Trust	8,442	35	8,477
Total Private Purpose Trust Fund	56,737	(22,870)	33,867

2005 Fund Type	Township's Ending Fund Balance	Misstatement Increase or (Decrease)	Audited Ending Fund Balance
<b>General Fund</b>	\$21,307	\$3,436	\$24,743
<b>Special Revenue Funds:</b>			
Motor Vehicle License Tax	14,855	5,970	20,825
Gas Tax	221,087	38,354	259,441
Road & Bridge	4,753	5,318	10,071
Cemetery	7,017	(6,499)	518
Fire District Levy	0	2,158	2,158
Total Special Revenue Fund	247,712	45,301	293,013
<b>Expendable Trust Fund</b>	116	(116)	0
<b>Private Purpose Trust Funds:</b>			
Non-Expendable Trust	20,082	(20,082)	0
Lucille Clark Trust (1)	10,519	110	10,629
Lucille Clark Trust (2)	10,529	121	10,650
Ashman Trust	3,333	(1,634)	1,699
Kelsey Trust	3,832	(1,876)	1,956
Coppess Trust	8,148	157	8,305
Total Private Purpose Trust Fund	56,443	(23,204)	33,239

**FINDING 2006-009  
(Continued)**

The adjustments shown above have been reflected in the accompanying combined financial statements presented in this report. In addition, in 2006 the Cemetery Fund had a negative ending fund balance of \$5,410 indicating that resources from another fund had been used to meet Cemetery fund obligations.

The Township Fiscal Officer should develop procedures to verify that revenues are posted to the appropriate fund and revenue account to prevent misstatement for financial reporting. In addition, the Trustees should review monthly transaction reports for possible mis-postings.

**Officials Response:**

Some errors were fund number mistakes and others were due to the fiscal officer's lack of knowledge.

**FINDING 2006-010**

**Noncompliance / Material Weakness**

**Ohio Adm. Code Section 117-2-02(C)(1)** states local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts. During 2006 and 2005 the Fiscal Officer failed to correctly record the Trustees' approved appropriations and county budget commission approved estimated resource amounts to the Uniform Accounting Network (UAN) budgetary accounting system.

None of the 2006 estimated resources were entered into the accounting system. In 2005, the Road & Bridge Fund, Cemetery Fund, and Fire Levy Fund did not have any estimated resources posted. Also, 2005 estimated resources were over/understated by the following amounts on the system: General Fund understated by \$5,587; Motor Vehicle License Tax Fund understated by \$403; and the Gas Tax Fund overstated by \$112,918.

The 2006 appropriations were over/understated by the following amounts on the system: General Fund was overstated \$363 and Road & Bridge Fund was overstated \$400. The 2005 appropriations were over/understated by the following amounts on the UAN system: General Fund was overstated \$35,441; Motor Vehicle License Tax Fund was overstated \$27,340; Gas Tax Fund was understated \$245,947; Road & Bridge Fund was overstated \$169,106; Cemetery Fund was overstated \$2,481; and Fire Levy Fund was overstated \$8,099.

The above issues resulted in the budgetary accounting system reporting amounts different from those approved and the presentation of inaccurate information in the budget vs. actual reports for both years and consequently the failure to provide the Trustees with accurate information to monitor the Township's year to date revenue and expenditure performance.

The Fiscal Officer should accurately record in the budgetary accounting system the amounts approved on the annual appropriation measure and certificate of estimated resources and reconcile the amounts posted to the actual documents to verify the accuracy of the posting.

**Official Response:**

No response was received.

**FINDING 2006-011**

**Noncompliance / Significant Deficiency**

**Fire Protection Contracts**

The Township had fire protection contracts with three villages during 2006 and 2005. The Village of Ansonia contract stated "Richland Township agrees to pay to the Village of Ansonia for said services an amount equal to fifty percent (50%) of the proceeds received by the Trustees of Richland Township from any existing or imposed levied upon the taxable property as authorized to be assessed and collected by the vote of the electors of said Township; but being limited to those proceeds actually received by the Township during the term of the contract, proceeds to be distributed by the clerk of the Township upon receipt of distribution from the County Auditor twice yearly. One half of said sum shall be payable on or before June 15, 2006 (2005) and one half of said sum shall be payable on or before December 15, 2006 (2005)."

The fire protection contracts with the Village of Versailles and Village of Gettysburg specified 25% of the annual levy proceeds collected by January of the subsequent year of the contract.

Due to the Fiscal Officers failure to post the tax levy proceeds to the proper funds incorrect payments were made to the Villages for fire protection contracts. As of January 31, 2007, the following amounts were delinquent according to the contract payment terms:

	<u>2005</u>	<u>2006</u>
Village of Ansonia	\$111	\$1,509
Village of Versailles	55	755
Village of Gettysburg	55	755

The Township should pay the Villages based on the annual contract's terms, conditions, and amount to avoid possible legal action or termination of future fire protection services.

**Officials Response:**

The fiscal officer will correct the delinquencies.

**FINDING 2006-012**

**Material Weakness**

**Monthly Bank Reconciliations**

The Township's monthly bank reconciliations were not properly performed by the Fiscal Officer during 2006 and 2005. Throughout the year and at December 31, 2006 and 2005, the certificate of deposit amounts used in the reconciliations did not agree to the bank balances. In addition, the outstanding check amounts shown at December 31, 2006 and 2005 were incorrect. Also, the bank balances at year-end were reconciled to book balances that were improperly adjusted for prior year audit adjustments.

The monthly bank reconciliation is a basic control to verify accuracy and completeness of the Township's recording of current receipts and expenditures. The failure to maintain accurate monthly bank reconciliations increases the possibility the Township's management would not promptly detect miss-postings or funds being diverted, lost, or stolen.

**FINDING 2006-012  
(Continued)**

To strengthen control over the reconciliation process monthly bank reconciliations should be promptly performed, all reconciliation supporting documentation should be maintained, and reconciliations should agree to the reported fund cash balances. The Trustees should periodically review the monthly bank reconciliations to determine that proper procedures are being followed and document this review by initialing and dating the documents examined as proof this review was performed.

**Officials Response:**

The balances didn't balance when the fiscal officer received the books and adjustments made after the last audit allowed errors to remain.

**FINDING 2006-013**

**Material Weakness**

**Monitoring Township Financial Reports**

The Township's 2006 and 2005 annual reports generated by the Uniform Accounting Network (UAN) did not have the correct beginning fund balances. The Gas Tax Fund's beginning January 1, 2005, balance was understated by \$20,587 from the 2004 audit report. The Fire Levy Fund's beginning balance was understated by \$300. In addition, several of the non-expendable trust funds had incorrect beginning balances and a non-expendable trust fund was incorrectly created with a fund balance of \$10,404. The improper 2005 beginning fund balances carried over into the report for 2006. The inaccurate beginning fund balances for 2005 were due to prior audit adjustments that were not properly entered into the UAN system by the Fiscal Officer.

Since the Township Fiscal Officer is the only individual performing accounting functions, the Trustees should monitor the Township's financial position on a routine basis. The Fiscal Officer should provide the Trustees with copies of the monthly bank reconciliation, receipt account status report, appropriation status report, and fund balance report at the end of each month.

Our testing indicated that the Trustees were not being provided with monthly bank reconciliations and copies of the receipt account status report, appropriation status report, and fund balance report at the end of each month. The failure to provide the Trustees with the financial information necessary to monitor financial activity resulted in their inability to identify significant mispostings and other irregularities that occurred during 2006 and 2005.

The review and acceptance of the monthly financial reports should be recorded in the minutes to document that the Trustees have verified that the accounting records are being properly maintained and kept up-to-date.

The accompanying combined financial statements contain the required adjustments to accurately record the items mention above.

**Officials Response:**

The fiscal officer will document the Trustees review the monthly financial reports and the acceptance will be noted in the minutes and contact UAN for support for future audit adjustments.

## FINDING 2006-014

### Material Weakness

#### Revenue Posting

Throughout the audit period there were numerous errors in the recording of property tax revenue, intergovernmental revenue, license, permits and fees revenue, miscellaneous revenue, and interest revenue. The following errors resulted in material misstatement of the revenue received by the Township's funds during 2006 and 2005:

- Interest revenue was posted to the incorrect funds and not allocated correctly. In 2005, \$489 of checking account interest and \$253 of CD interest was not recorded. In 2006, there was \$226 of CD interest not recorded.
- In 2005, the FEMA monies received in amount of \$9,678 were incorrectly posted as miscellaneous revenue in the Non-Expendable Trust Fund. The FEMA monies should have been posted to the FEMA Fund as intergovernmental revenue.
- In 2005, \$2,397 of property tax revenues was incorrectly posted to Motor Vehicle License Tax Fund and \$7,304 in the Cemetery Fund. Also, \$6,725 of property tax revenues were incorrectly posted as charges for services in the Fire Levy Fund. In 2006, \$8,232 of property tax revenues was incorrectly posted to the Motor Vehicle License Tax Fund.
- In 2006 and 2005 the \$10,000 exemption settlement was improperly posted as property tax revenue instead of intergovernmental revenue and not allocated between the General Fund, Road and Bridge Fund, and Fire Special Levy Fund, and was not posted at gross with offsetting expenditures posted for auditor and treasurer fees.
- During 2006 and 2005, the Real Estate Tax Settlements, Personal Property Tax Settlements and Mobile Home Tax Settlements were not allocated properly between the General Fund, Road and Bridge Fund, and Fire Special Levy Fund, and were not posted at gross with offsetting expenditures posted for auditor and treasurer fees.
- Local Government Revenue, Local Government Franchise Revenue, and Gas Tax monies were recorded twice on the system in four instances during 2006 and 2005.
- Motor Vehicle License tax revenue was incorrectly posted as property tax revenue in the General Fund and Motor Vehicle License Fund instead of intergovernmental revenue. 2006 and 2005 Motor Vehicle License Tax revenues of \$11,099 and \$7,959, respectively, were not posted to the Motor Vehicle License Tax Fund.
- The 2006 and 2005 Rollback and Homestead revenue were not posted to the proper funds and accounts.
- All Public Utility Reimbursements were posted to the General Fund and the Road and Bridge Fund and Fire Levy Fund were not allocated their portion.
- In 2005 Gas Tax revenue of \$6,063 was posted as property tax revenue in the Cemetery Fund instead of intergovernmental revenue in the Gas Tax Fund.
- Franchise Sales Tax, Bureau of Workers' Compensation refund, Local Government Assistance, and Motor Vehicle License tax, and Gas Tax, were incorrectly posted to the General Fund as property tax revenue overstating those revenues by \$6,477 in 2005.

**FINDING 2006-014  
(Continued)**

- During 2005 burial fees of \$1,300, were recorded as charges for services instead of licenses, permits and fees.
- In 2005, there was \$1,200 in burial fee revenue which was unrecorded. In 2006, a burial fees receipt was double booked in amount of \$325 and another receipt was posted for \$200 more than the deposit amount.
- During 2006 and 2005 Bureau of Workers' Compensation refunds of \$543 were incorrectly posted to licenses, permits, fees line item and other financing sources instead of miscellaneous revenue.
- Intergovernmental revenue was deposited but not posted to the accounting records in 2005 and 2006 of \$24,427 and \$21,816, respectively.

The Fiscal Officer should review the Uniform Accounting Network (UAN) Chart of Accounts and post transactions according to the account code descriptions. The accompanying combined financial statements contain the required adjustments to present the Township's revenue accurately for 2006 and 2005.

**Officials Response:**

No response was given.

**FINDING 2006-015**

**Material Weakness**

**Classification of Expenditures**

In some instances the 2005 expenditure amounts were improperly classified by the Fiscal Officer. Grave digging expenses of \$570 was incorrectly posted in the Motor Vehicle License Fund as public works expenses which should have been reported as health expenditures in the Cemetery Fund. Also, the UAN rental fees of \$2,250 was posted to the Fire levy Fund as public safety which should have been recorded in the General Fund as general government expenditures. Payments for roadwork of \$25,938 were incorrectly reported in the Gas Tax Fund as public works instead of the Road and Bridge Fund. The \$200 return of a customer's overpayment in the Cemetery Fund should have been recorded as a reduction of revenue and not Other Financing Uses.

In addition, the 2006 reserve for encumbrance amounts presented for the General Fund and Gas Tax Fund did not constitute valid encumbrances at December 31, 2006.

The proper classification of expenditures would allow the financial statements to better reflect the purpose of the aforementioned expenditures of the Township.

The Fiscal Officer should review the Uniform Accounting Network (UAN) Chart of Accounts and post transactions according to the account code descriptions.

The accompanying combined financial statements contain the required adjustments to accurately record the items mention above.

**Officials Response:**

No response was given.

## FINDING 2006-016

### Significant Deficiency

#### Risk Assessment

The Trustees should establish a risk assessment process to identify internal and external events and circumstances that may occur and adversely affect an entity's ability to record, process, summarize and report financial data consistent with management's financial statement assertions. Risk assessment differs from monitoring controls. Monitoring controls primarily address the continued effective operation of application controls. Risk assessment includes:

- Identifying unusual events or transactions, or changes in laws or accounting principles or other financial reporting requirements.
- Analyzing how these events or transactions affect financial reporting.
- If the event or transaction will be recurring, determining modifications to the accounting systems or control activities to help assure properly including and reporting these matters in the financial statements.

The Township did not maintain accurate financial records or prepare monthly reconciliations during 2006 and 2005. This forced the Township to contract with the Local Government Services (LGS) division of the Auditor of State to reconcile its books with the bank balances for 2006 and 2005 to prepare for their biennial audit. During the reconciliation process the LGS noted differences of \$25,418 in 2005 and \$6,714 in 2006 between the transactions recorded on the books and the bank transactions. The Township did not have a risk assessment process working effectively that could identify the problems in the transaction processing and subsequent reporting of financial information.

The Township should establish an effective risk assessment process that is capable of identifying events or transactions that might adversely affect the Township's ability to record, process, summarize and report financial data consistent with the management's financial statement assertions.

#### Officials Response:

No response was given.

## FINDING 2006- 017

### Significant Deficiency

#### Uniform Accounting Network Training

The State provides training for the local governments utilizing Uniform Accounting Network (UAN) to become educated on using the system properly. The Township's Fiscal Officer was advised at the beginning of her term in office to attend the UAN training in order to gain the necessary understanding of the system.

Training is essential to fully utilize the UAN system's capabilities to present timely reports, accurate financial reporting, and prevent errors from occurring. The Township's fiscal officer did not attend the UAN training sessions in 2006 and 2005 and as a result has been unable to properly operate the system.

The Fiscal Officer should schedule attendance at the next available training session provided for the Uniform Accounting Network by the Auditor of State.

#### Officials Response:

The new fiscal officer in 2008 has been provided with a new fiscal officer training schedule.

**RICHLAND TOWNSHIP  
DARKE COUNTY**

**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; <b><i>Explain</i></b>
2004-001	ORC Section 5705.41(B) Appropriations exceeded by expenditures	No	Partially Corrected. Reissued as Management Letter Comment.
2004-002	ORC Section 5705.10 revenue derived from a special levy	No	Not Corrected. Reissued as Finding 2006-009
2004-003	ORC Section 5705.41(D) prior certification of expenditures	No	Not Corrected. Reissued as Finding 2006-007
2004-004	Inter-Fund Advances	Yes	
2004-005	Revenue Postings	No	Not Corrected. Reissued as Finding 2006-014
2004-006	Monitoring Township Financial Reports	No	Not Corrected. Reissued as Finding 2006-013
2004-007	Bank Reconciliations	No	Not Corrected. Reissued as Finding 2006-012



**Mary Taylor, CPA**  
Auditor of State

**RICHLAND TOWNSHIP**

**DARKE 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 8, 2008**