

**RICHLAND TOWNSHIP
WYANDOT COUNTY, OHIO**

FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Richland Township, Wyandot County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 21, 2011

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**Richland Township
Wyandot County, Ohio**

**For the Years Ended
December 31, 2010 and 2009**

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Independent Auditors' Report

Richland Township
Wyandot County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Richland Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. 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. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 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, 2010 and 2009, or their changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Richland Township, Wyandot County, Ohio as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

July 20, 2011

**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, 2010**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Property and other local taxes	\$ 18,577	9,675	28,252
Intergovernmental	20,759	103,484	124,243
Charges for services	-	9,300	9,300
Earnings on investments	25	72	97
Miscellaneous	<u>1,750</u>	<u>606</u>	<u>2,356</u>
Total cash receipts	41,111	123,137	164,248
Cash disbursements:			
Current:			
General government	39,576	-	39,576
Public safety	1,086	19,383	20,469
Public works	2,334	84,377	86,711
Health	5,152	-	5,152
Other	4,038	-	4,038
Capital outlay	<u>-</u>	<u>2,125</u>	<u>2,125</u>
Total cash disbursements	<u>52,186</u>	<u>105,885</u>	<u>158,071</u>
Total receipts over (under) disbursements	(11,075)	17,252	6,177
Fund cash balances, January 1	<u>29,262</u>	<u>161,707</u>	<u>190,969</u>
Fund cash balances, December 31	\$ <u>18,187</u>	<u>178,959</u>	<u>197,146</u>

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

Richland Township
Wyandot County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2009

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Property and other local taxes	\$ 17,685	9,640	-	27,325
Intergovernmental	47,809	106,373	42,247	196,429
Charges for services	-	9,300	-	9,300
Earnings on investments	55	130	-	185
Miscellaneous	<u>592</u>	<u>508</u>	<u>-</u>	<u>1,100</u>
Total cash receipts	66,141	125,951	42,247	234,339
Cash disbursements:				
Current:				
General government	38,627	-	-	38,627
Public safety	1,086	12,945	-	14,031
Public works	2,368	33,498	-	35,866
Health	5,345	-	-	5,345
Other	1,387	-	-	1,387
Capital outlay	<u>86</u>	<u>47,678</u>	<u>42,247</u>	<u>90,011</u>
Total cash disbursements	<u>48,899</u>	<u>94,121</u>	<u>42,247</u>	<u>185,267</u>
Total receipts over disbursements	17,242	31,830	-	49,072
Fund cash balances, January 1	<u>12,020</u>	<u>129,877</u>	<u>-</u>	<u>141,897</u>
Fund cash balances, December 31	\$ <u>29,262</u>	<u>161,707</u>	<u>-</u>	<u>190,969</u>

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

**Richland Township
Wyandot County, Ohio
Notes to the Financial Statements
December 31, 2010 and 2009**

(1) Summary of Significant Accounting Policies

Description of the Entity

Richland Township, Wyandot County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and fire protection services. The Township also has contracts to provide fire protection services to Salem Township and the Village of Kirby.

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

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State of Ohio.

Cash

Cash included an interest bearing demand deposit account.

Fund Accounting

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

General Fund

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

Richland Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

Special Revenue Funds

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

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

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

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

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

Capital Projects Fund

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

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

Budgetary Process

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

Appropriations

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

Estimated Resources

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

Richland Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(1) Summary of Significant Accounting Policies, continued

Encumbrances

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

A summary of 2010 and 2009 budgetary activity appears in Note 3.

Property, Plant and Equipment

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

(2) Equity in Pooled Cash

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ <u>197,146</u>	<u>190,969</u>
Total deposits	\$ <u>197,146</u>	<u>190,969</u>

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

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

<u>Fund Type</u>	<u>2010 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 47,879	41,111	(6,768)
Special Revenue	<u>127,755</u>	<u>123,137</u>	<u>(4,618)</u>
Total	\$ <u>175,634</u>	<u>164,248</u>	<u>(11,386)</u>

Richland Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(3) Budgetary Activity, continued

2010 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 89,041	52,186	36,855
Special Revenue	<u>279,578</u>	<u>105,885</u>	<u>173,693</u>
Total	\$ <u>368,619</u>	<u>158,071</u>	<u>210,548</u>

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 65,682	66,141	459
Special Revenue	126,750	125,951	(799)
Capital Projects	<u>42,247</u>	<u>42,247</u>	<u>-</u>
Total	\$ <u>234,679</u>	<u>234,339</u>	<u>(340)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 99,908	48,899	51,009
Special Revenue	235,949	94,121	141,828
Capital Projects	<u>84,494</u>	<u>42,247</u>	<u>42,247</u>
Total	\$ <u>420,351</u>	<u>185,267</u>	<u>235,084</u>

(4) Property Tax

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

Richland Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(4) Property Tax, continued

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

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

(5) Retirement Systems

The Township's certified firefighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OEPRS are cost-sharing, multiple-employer plans. The ORC prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The ORC also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Township contributed to OP&F an amount equal to 24% of full-time firefighters' wages. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

(6) Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

**Richland Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$ 38,982,088	40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	\$ <u>26,101,322</u>	<u>27,755,922</u>

At December 31, 2009 and 2008, respectively, liabilities above include approximately \$12.0 million and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years in approximately \$12,000.

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

Contributions to OTARMA

2008	\$ 7,239
2009	7,196
2010	7,514

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

(7) Commitments

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

**Richland Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(8) Subsequent Events

Subsequent events have been evaluated through July 20, 2011 which is the date the financial statements were available to be issued.

(9) Compliance

Contrary to Ohio law:

- In 2010, the appropriations exceeded estimated resources by \$11,900 in the General Fund and in 2009 by \$22,206 in the General Fund, \$995 in the Fire District Fund, \$10 in the Road and Bridge Fund and \$42,247 in the Capital Projects Fund.
- The Township did not encumber funds prior to expenditure.
- Material reclassifications to the financial statements were necessary in order for them to be fairly stated.
- In 2010, appropriations exceeded available resources by \$18,668 in the General Fund, by \$4,515 in the Gasoline Tax Fund and by \$1,332 in the Fire Fund. In 2009, appropriations exceed available resources by \$21,747 in the General Fund, by \$1,486 in the Fire Fund and by \$42,247 in the Capital Projects Fund.
- The Township has not adopted a personal information policy as required by ORC Chapter 1347.
- In 2010, the Township did not obtain an amended Certificate of Estimated Resources to identify a shortfall of anticipated revenue to the General Fund of \$6,768, the Gasoline Tax of \$4,515 and the Fire Fund of \$1,332 which reduced available revenue in the funds below appropriated amounts.

Wolf, Rogers, Dickey & Co.

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

Richland Township
Wyandot County, Ohio

To the Board of Trustees:

We have audited the financial statements of Richland Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 20, 2011, wherein we noted the Township followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and a deficiency that we consider to be a significant deficiency.

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

correct misstatements. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected in a timely manner. We consider Finding 2010-01 described in the accompanying Schedule of Findings to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2010-02 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters we must report under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as Findings 2010-02 through 2010-06.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated July 20, 2011.

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

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

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

July 20, 2011

**Richland Township
Wyandot County, Ohio
Schedule of Findings
December 31, 2010 and 2009**

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

Finding Number 2010-01
Material weakness

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

We noted the following errors in the Township prepared financial statements that required reclassification. In both years, in various funds, major road work expenditures were coded to Capital Outlay instead of Public Works. Reclassifications totaled \$69,350 and \$100,781 for 2010 and 2009, respectively.

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

Response by Township

No response received.

Finding Number 2010-02
Significant deficiency/noncompliance

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

In 2010 and 2009, the Township allocated a portion of Trustees salaries to the Gasoline Tax Fund. The Trustees did not maintain monthly time logs to support this allocation. Adjustments of \$6,190 and \$9,904 for 2010 and 2009, respectively, have been made to charge all Trustee salaries to the General Fund. In addition, the Township did not record salaries at the gross amounts but at the net check amounts. Adjustments of \$5,480 and \$4,680 for 2010 and 2009, respectively, have been made to the financial statements.

Response by Township

No response received.

**Richland Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

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

Finding Number 2010-03
Noncompliance

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

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

Response by Township

No response received.

Finding Number 2010-04
Noncompliance

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

In 2010 the appropriations exceeded estimated resources by \$11,900 in the General Fund and in 2009, by \$22,206 in the General Fund, by \$10 in the Road and Bridge Fund, by \$995 in the Fire District Fund and by \$42,247 in the Capital Projects Fund. Failure to limit appropriations to the amount of available revenue could result in overspending and negative cash fund balances.

Response by Township

No response received.

**Richland Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

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

Finding Number 2010-05
Noncompliance

ORC Section 5075.36 states:

- (1) That an increased amended certificate must be obtained from the Budget Commission if the legislative authority intends to appropriate and expend revenue in excess of the estimated resources.
- (2) A reduced amended certificate must be obtained if the amount of the deficiency will reduce the available resources below the current level of appropriations.

In 2010, appropriations exceeded available resources in the General Fund by \$18,668, in the Gasoline Tax Fund by \$4,515 and in the Fire Fund by \$1,332. In 2009, appropriations exceeded available resources in the General Fund by \$21,747, in the Fire Fund by \$1,486 and in the Capital Projects Fund by \$42,247. These deficits were caused by actual receipts falling below budgeted receipts. We recognize that the Township did not spend all appropriations and actual expenses did not exceed available resources, but ORC Section 5705.36 still requires an amended Certificate of Estimated Resources to reflect the reduced receipts. Additionally, the Township should have reduced the appropriations below the estimated resources.

Response by Township

No response received.

Finding Number 2010-06
Noncompliance

In April 2009, ORC Chapter 1347 was added to address the storage, use and distribution of personal information. This chapter requires that the Township adopt a written policy and appoint an individual to be responsible for a personal information system. The personal information system must protect personal information from unauthorized modification, destruction, use or disclosure. The Township has not adopted the required personal information policy.

Response by Township

No response received.

**Richland Township
Wyandot County, Ohio
Schedule of Prior Audit Findings
December 31, 2010 and 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
2008-01	Significant adjustments were necessary for financial statements to be fairly stated.	No	Repeated as Finding Number 2010-01.
2008-02	Trustee salaries charged to other than General Fund without adequate time logs.	No	Repeated as Finding Number 2010-02.
2008-03	Funds were not always encumbered prior to expenditure.	No	Repeated as Finding Number 2010-03.
2008-04	Publication of availability of financial statements.	Yes	Finding no longer valid.
2008-05	Appropriations exceeded estimated resources.	No	Repeated as Finding Number 2010-04.
2008-06	Recording Issue I activity.	Yes	Finding no longer valid.
2008-07	Budgeted expenditure exceeded appropriation authority.	Yes	Finding no longer valid.

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Dave Yost • 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
NOVEMBER 10, 2011**