



Mary Taylor, CPA
Auditor of State

**RICHLAND TOWNSHIP
BELMONT COUNTY**

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Mary Taylor, CPA
Auditor of State

Richland Township
Belmont County
118 Overbaugh Avenue
St. Clairsville, Ohio 43950

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

April 29, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Richland Township
Belmont County
118 Overbaugh Avenue
St. Clairsville, Ohio 43950

To the Board of Trustees:

We have audited the accompanying financial statements of Richland Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express 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 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 requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

April 29, 2009

**RICHLAND TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$394,419	\$404,141		\$798,560
Licenses, Permits, and Fees	36,980			36,980
Fines and Forfeitures	112			112
Intergovernmental	68,020	241,844	\$36,145	346,009
Earnings on Investments	9,791	515		10,306
Miscellaneous	63,958	1,536		65,494
	<u>573,280</u>	<u>648,036</u>	<u>36,145</u>	<u>1,257,461</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	133,555			133,555
Public Safety	103,564			103,564
Public Works	245,641	649,178		894,819
Health	67,474			67,474
Capital Outlay	237,277		36,145	273,422
	<u>787,511</u>	<u>649,178</u>	<u>36,145</u>	<u>1,472,834</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(214,231)	(1,142)	0	(215,373)
Fund Cash Balances, January 1	<u>588,350</u>	<u>559,534</u>	<u>0</u>	<u>1,147,884</u>
Fund Cash Balances, December 31	<u>\$374,119</u>	<u>\$558,392</u>	<u>\$0</u>	<u>\$932,511</u>

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

**RICHLAND TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$400,208	\$432,518	\$832,726
Licenses, Permits, and Fees	25,574		25,574
Fines and Forfeitures	435	25	460
Intergovernmental	112,433	425,895	538,328
Earnings on Investments	19,018	898	19,916
Miscellaneous	235,573	218,947	454,520
	<u>793,241</u>	<u>1,078,283</u>	<u>1,871,524</u>
Total Cash Receipts			
	<u>793,241</u>	<u>1,078,283</u>	<u>1,871,524</u>
Cash Disbursements:			
Current:			
General Government	134,341		134,341
Public Safety	100,085		100,085
Public Works	308,189	1,004,166	1,312,355
Health	68,076		68,076
Capital Outlay	124,162		124,162
	<u>734,853</u>	<u>1,004,166</u>	<u>1,739,019</u>
Total Cash Disbursements			
	<u>734,853</u>	<u>1,004,166</u>	<u>1,739,019</u>
Total Cash Receipts Over Cash Disbursements	58,388	74,117	132,505
Fund Cash Balances, January 1	529,962	485,417	1,015,379
	<u>529,962</u>	<u>485,417</u>	<u>1,015,379</u>
Fund Cash Balances, December 31	<u><u>\$588,350</u></u>	<u><u>\$559,534</u></u>	<u><u>\$1,147,884</u></u>

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

**RICHLAND TOWNSHIP
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Richland Township, Belmont 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 and police protection.

The Township participates in Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 7 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. Deposits 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.

Money market mutual funds (including STAROhio) are recorded at share values the mutual funds report. 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.

**RICHLAND TOWNSHIP
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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:

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

Federal Emergency Management Agency (FEMA) Fund - This fund received a grant from FEMA to make repairs from flood damage.

3. Capital Project Funds

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

Ohio Public Works Commission (OPWC) Fund - The Township received a grant from OPWC through the Belmont County Engineer to pave roads.

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.

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 re-appropriated in the subsequent year.

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

**RICHLAND TOWNSHIP
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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.

G. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

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

	2008	2007
Demand deposits	\$554,422	\$778,534
Certificates of deposit	11,000	11,000
Total deposits	565,422	789,534
STAROhio	367,089	358,350
Total deposits and investments	\$932,511	\$1,147,884

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

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$635,274	\$573,280	(\$61,994)
Special Revenue	547,926	648,036	100,110
Capital Projects	0	36,145	36,145
Total	\$1,183,200	\$1,257,461	\$74,261

**RICHLAND TOWNSHIP
BELMONT COUNTY**

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

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,313,147	\$787,511	\$525,636
Special Revenue	898,873	649,178	249,695
Capital Projects	0	36,145	(36,145)
Total	\$2,212,020	\$1,472,834	\$739,186

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$664,372	\$793,241	\$128,869
Special Revenue	978,234	1,078,283	100,049
Total	\$1,642,606	\$1,871,524	\$228,918

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$931,071	\$734,853	\$196,218
Special Revenue	995,073	1,004,166	(9,093)
Total	\$1,926,144	\$1,739,019	\$187,125

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority at the legal level of control within several funds for the years ended December 31, 2008 and 2007.

4. Property Tax

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

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

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

**RICHLAND TOWNSHIP
BELMONT COUNTY**

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

5. Lodging Tax

The Township levies a three percent hotel and motel tax on lodging furnished to transient guests throughout the Township. The Township receives the tax directly from the hotels and motels. These monies are receipted into the General Fund and are reflected in the accompanying financial statements as Local Taxes.

6. Retirement System

The Township's Police Officers belong to the Ohio Public Employees Retirement System – Law Enforcement (OPERS-LE). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS-LE participants contributed 10.10% of their wages. For 2008 and 2007, the Township contributed to OPERS-LE an amount equal to 17.40% and 17.17%, respectively of full-time police members' wages. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

7. Risk Management

Risk Pool Membership

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

**RICHLAND TOWNSHIP
BELMONT COUNTY**

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

7. Risk Management (Continued)

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

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

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$13,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**RICHLAND TOWNSHIP
BELMONT COUNTY**

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

7. Risk Management (Continued)

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

<u>Contributions to OTARMA</u>	
2006	\$13,160
2007	\$11,970
2008	\$14,342

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.

8. Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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
Belmont County
118 Overbaugh Avenue
St. Clairsville, Ohio 43950

To the Board of Trustees:

We have audited the financial statements of Richland Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 29, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We 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.

We consider findings 2008-001 and 2008-003 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding number 2008-001 is also a material weakness.

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated April 29, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-001 through 2008-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 29, 2009.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. 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 audit committee, management, and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

April 29, 2009

**RICHLAND TOWNSHIP
BELMONT COUNTY**

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

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

FINDING NUMBER 2008-001

Noncompliance and Material Weakness

Ohio Rev. Code Section 5705.10(D) provides, in part, that all revenue derived from a specific source shall be credited to a special fund for that purpose for which the monies were received.

The 2007 Township financial records reflected Real Estate Taxes and Homestead and Rollback Settlements posted to the incorrect fund. The Road and Bridge Fund share was posted to the General Fund in error. The General Fund share was posted to the Road and Bridge Fund in error. This resulted in the General Fund receiving \$192,892 more than was allocated to that Fund.

The Fiscal Officer has posted this adjustment to the Township records and it is reflected in the accompanying financial statements.

Officials' Response: The Township Fiscal Officer posted the above noted adjustment to the accounting system on April 12, 2009.

FINDING NUMBER 2008-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.

At December 31, 2008, the Township had expenditures exceeding appropriations in the following funds at the legal level of control:

<u>Fund/Function/Object</u>	<u>2008 Appropriations</u>	<u>2008 Expenditures</u>	<u>Variance</u>
General Fund			
General Government			
Other Expenses	\$2,000	\$4,285	(\$2,285)
Capital Projects:			
OPWC Fund			
Capital Outlay	0	36,145	(36,145)

**RICHLAND TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2008-002 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(B) (Continued)

At December 31, 2007, the Township had expenditures exceeding appropriations in the following funds at the legal level of control:

<u>Fund/Function/Object</u>	<u>2007 Appropriations</u>	<u>2007 Expenditures</u>	<u>Variance</u>
General Fund			
General Government			
Auditing Services	\$4,000	\$5,075	(\$1,075)
Public Works			
Repairs and Maintenance	185,000	211,634	(26,634)
Operating Supplies	76,000	78,323	(2,323)
FEMA Fund (2902)			
Public Works			
Operating Supplies	85,952	230,675	(144,723)
FEMA Fund (2903)			
Public Works			
Operating Supplies	120,816	209,552	(88,736)

We recommend the Board of Trustees and Fiscal Officer compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Trustees should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

Officials' Response: The Township Trustees approved the appropriation resolution at the fund/function/object level; however, the Fiscal Officer did not present object level appropriation revisions to the Township Trustees. The Fiscal Officer will now present object level appropriation revisions to the Township Trustees for their approval.

**RICHLAND TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-003

Significant Deficiency

The Township should have internal controls in place to reasonably assure the integration of budgetary accounts into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

The Fiscal Officer did not accurately post appropriations to the Uniform Accounting Network (UAN) computer system. Variances existed between the amount approved by the Board of Trustees and the amount posted to the accounting system as follows:

December 31, 2008:

Fund/Function/Object	Approved Appropriations	Appropriations per the UAN system	Variance
General			
General Government			
Salaries – Trustees	\$33,955	\$34,072	(\$117)
Workers' Compensation	18,000	17,883	117
Other Expenses	2,000	14,000	(12,000)
Capital Projects:			
OPWC			
Capital Outlay	0	48,844	(48,844)

December 31, 2007:

Fund/Function/Object	Approved Appropriations	Appropriations per the UAN system	Variance
General			
General Government			
Auditing Services	\$4,000	\$5,500	(\$1,500)
Public Safety			
Other – Salaries	100,000	79,000	21,000
Other Expenses	25,000	23,500	1,500
Public Works			
Repairs & Maintenance	185,000	275,000	(90,000)
Operating Supplies	76,000	97,000	(21,000)
Capital Outlay	104,173	142,467	(38,294)
Special Revenue:			
FEMA (2902)			
Public Works			
Operating Supplies	85,952	230,675	(144,723)
FEMA (2903)			
Public Works			
Operating Supplies	120,816	209,552	(88,736)

**RICHLAND TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-003 (Continued)

Significant Deficiency (Continued)

In addition, the Fiscal Officer did not accurately post estimated receipts to the Uniform Accounting Network (UAN) receipt ledgers. Variances existed between the amount approved on the Amended Certificates and the amount posted to the accounting system as follows:

December 31, 2008:

Fund	Approved Estimated Receipts	Estimated Receipts per the UAN system	Variance
General	\$635,274	\$584,930	(\$50,344)
Special Revenue:			
Gasoline Tax	85,000	83,000	(2,000)
Road & Bridge	420,000	417,000	(3,000)

December 31, 2007:

Fund	Approved Estimated Receipts	Estimated Receipts per the UAN system	Variance
General	\$664,372	\$653,425	(\$10,947)
Special Revenue:			
Road & Bridge	622,759	606,759	(16,000)

Because the information entered into the accounting system was inaccurate, Township management was unable to effectively monitor budget versus actual activity throughout the year. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present appropriations approved by the Trustees and only include budgeted receipts as certified by the County Auditor.

We recommend the Trustees approve all appropriation amendments, record approval in the Board minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Fiscal Officer should post these amendments only after the required approvals have been obtained. We also recommend the Fiscal Officer record only estimated receipts from the Certificate of Estimated Resources and any amendments thereto.

Officials' Response: The Fiscal Officer will better monitor the budget information posted to the UAN system.

**RICHLAND TOWNSHIP
BELMONT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Rev. Code Section 5705.10(D), revenue derived from a specific source shall be credited to a special fund for that purpose for which monies were received.	No	Not Corrected; Reissued as Finding Number 2008-001.
2006-002	Ohio Admin. Code Section 117-2-02(C)(1), budgeted receipts not properly posted to the computer system.	No	Not Corrected; Reissued as Finding Number 2008-003.
2006-003	Ohio Admin Code Section 117-2-02(A), receipts not always posted to the proper account code.	No	Partially Corrected; Repeated in the Management Letter.



Mary Taylor, CPA
Auditor of State

RICHLAND TOWNSHIP

BELMONT 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
JUNE 2, 2009**