



Mary Taylor, CPA
Auditor of State

**RICHLAND TOWNSHIP
DARKE COUNTY**

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Mary Taylor, CPA
Auditor of State

ACCOUNTANTS' REPORT

Richland Township
Darke County
9431 Horner Road
Versailles, Ohio 45380

To the Township Trustees:

We have selectively tested certain accounts, financial records, files and reports of Richland Township, Darke County, (the Township) as of and for the years ended December 31, 2008 and 2007 following Ohio Admin. Code §117-4-02.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

We intend this report solely for the information and use of the management, Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code and it is not intended to be and should not be used by anyone other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 5, 2009

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**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, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$25,058	\$13,678	\$38,736
Licenses, Permits, and Fees		3,800	3,800
Intergovernmental	128,177	102,035	230,212
Earnings on Investments	676	1,306	1,982
Miscellaneous	231	2,350	2,581
Total Cash Receipts	<u>154,142</u>	<u>123,169</u>	<u>277,311</u>
Cash Disbursements:			
Current:			
General Government	74,146		74,146
Public Safety		36,002	36,002
Public Works	7,733	57,362	65,095
Health		494	494
Total Cash Disbursements	<u>81,879</u>	<u>93,858</u>	<u>175,737</u>
Total Receipts Over Disbursements	<u>72,263</u>	<u>29,311</u>	<u>101,574</u>
Other Financing Receipts:			
Other Financing Sources	4,519		4,519
Total Other Financing Receipts	<u>4,519</u>		<u>4,519</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	76,782	29,311	106,093
Fund Cash Balances, January 1	<u>33,950</u>	<u>369,512</u>	<u>403,462</u>
Fund Cash Balances, December 31	<u><u>\$110,732</u></u>	<u><u>\$398,823</u></u>	<u><u>\$509,555</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, 2008**

	<u>Private Purpose Trust Funds</u>
Cash Receipts:	
Earnings on Investment	\$965
Total Cash Receipts	<u>965</u>
Fund Cash Balance, January 1	<u>34,931</u>
Fund Cash Balance, December 31	<u><u>\$35,896</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, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$26,204	\$14,492	\$40,696
Licenses, Permits, and Fees		1,575	1,575
Intergovernmental	53,634	100,293	153,927
Earnings on Investments	391	2,100	2,491
Miscellaneous	82	525	607
Total Cash Receipts	<u>80,311</u>	<u>118,985</u>	<u>199,296</u>
Cash Disbursements:			
Current:			
General Government	78,615		78,615
Public Safety	386	23,746	24,132
Public Works		50,424	50,424
Health		10,039	10,039
Total Cash Disbursements	<u>79,001</u>	<u>84,209</u>	<u>163,210</u>
Total Receipts Over Disbursements	<u>1,310</u>	<u>34,776</u>	<u>36,086</u>
Other Financing Receipts:			
Other Financing Sources	3,896		3,896
Total Other Financing Receipts	<u>3,896</u>		<u>3,896</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	5,206	34,776	39,982
Fund Cash Balances, January 1	<u>28,744</u>	<u>334,736</u>	<u>363,480</u>
Fund Cash Balances, December 31	<u><u>\$33,950</u></u>	<u><u>\$369,512</u></u>	<u><u>\$403,462</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, 2007**

	<u>Private Purpose Trust Funds</u>
Cash Receipts:	
Earnings on Investment	\$1,064
Total Cash Receipts	<u>1,064</u>
Fund Cash Balance, January 1	<u>33,867</u>
Fund Cash Balance, December 31	<u><u>\$34,931</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, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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:

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

**RICHLAND TOWNSHIP
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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 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 reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

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

**RICHLAND TOWNSHIP
DARKE 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.

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	\$509,555	\$403,462
Certificates of deposit	35,896	34,931
Total deposits	\$545,451	\$438,393

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, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 88,123	\$158,661	\$70,538
Special Revenue	120,666	123,169	2,503
Fiduciary	350	965	615
Total	\$209,139	\$282,795	\$73,656

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$149,078	\$ 81,879	\$ 67,199
Special Revenue	472,412	93,858	378,554
Fiduciary	42,551	42,551	-
Total	\$664,041	\$175,737	\$488,304

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,366	\$ 84,207	\$61,841
Special Revenue	56,500	118,985	62,485
Fiduciary	505	1,064	559
Total	\$79,371	\$204,256	\$124,885

**RICHLAND TOWNSHIP
DARKE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 97,838	\$ 79,001	\$ 18,837
Special Revenue	297,416	84,209	213,207
Fiduciary	49,333		49,333
Total	\$444,587	\$163,210	\$281,377

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Levy Fund by \$2,945 for the year ended December 31, 2007; the appropriations exceeded the total estimated resources in the General Fund by \$49,531 and Cemetery Fund by \$5,403 for the year ended December 31, 2007. Also contrary to Ohio law, at December 31, 2008 and 2007, the Cemetery Fund had a cash deficit balance of \$7,693 and \$13,349 respectively. The Township did not properly encumber funds and amend certificates as required and certified the balance of their non-expendable trust funds as being available for expenditure.

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.

5. RETIREMENT SYSTEMS

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

**RICHLAND TOWNSHIP
DARKE COUNTY**

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

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.

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.

Casualty Coverage

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

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

Property Coverage

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

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

**RICHLAND TOWNSHIP
DARKE COUNTY**

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

6. RISK MANAGEMENT (Continued)

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):

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

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$3,221. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

Contributions to OTARMA	
2006	\$3,984
2007	\$3,203
2008	\$3,427

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.



Mary Taylor, CPA

Auditor of State

ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Richland Township
Darke County
9431 Horner Road
Versailles, Ohio 45380

To the Township Board of Trustees:

We have selectively tested certain accounts, financial records, files and reports of Richland Township, Darke County, (the Township) as of and for the years ended December 31, 2008 and 2007 following the Ohio Admin. Code §117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

Internal Control over Financial Reporting

During our procedures related to the internal control over financial reporting, we noted matters that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the Schedule of Findings as items 2008-005 through 2008-007, 2008-012, 2008-014 through 2008-017.

We also noted certain matters that we reported to the Township's management in a separate letter dated October 5, 2009.

Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contract, and grant agreements applicable to the Township. Noncompliance with these requirements could impact the Township's ability to determine financials statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying schedule of findings as items 2008-001 through 2008-013.

We did note certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 5, 2009.

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

Mary Taylor, CPA
Auditor of State

October 5, 2009

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**RICHLAND TOWNSHIP
DARKE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED

FINDING NUMBER 2008-001

Finding for Recovery

OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the fiscal officer pursuant to R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate, since the date of the certificate controls the salary amount.

Ohio Rev. Code Section 507.09 establishes the compensation for the township clerk (fiscal officer) based on the annual budget. The Township's annual budget for fiscal year 2007 was \$444,586. Therefore, based on a budget of \$250,001-\$500,000 the fiscal officer's compensation was determined to be \$12,386. However, Sandra Marker, the township fiscal officer, was paid \$12,545.28 in 2007, which is an overpayment in the amount of \$159.28.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Sandra Marker, former township fiscal officer, and her bonding company, Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$159.28, and in favor of the General Fund of Richland Township.

Officials' Response:

The Township chose not to respond to the above finding.

FINDING NUMBER 2008-002

Finding for Recovery

OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustee pursuant to R.C. 505.24, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate, since the date of the certificate controls the salary amount.

Ohio Rev. Code Section 505.24 establishes the compensation for the township trustee based on the annual budget. The Township's annual budget for fiscal year 2007 was \$444,586. Therefore, based on a budget of \$250,001-\$500,000 the trustee's compensation was determined to be \$8,258. However, Daniel Hart, former township trustee, was paid \$8,362.08 in 2007, which is an overpayment in the amount of \$104.08.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Daniel Hart, former township trustee, in the amount of \$104.08, and in favor of the General Fund of Richland Township.

**FINDING NUMBER 2008-002
(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 is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*(1929), 120 Ohio St 47; 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State ex rel. Vill. of Linndale v. Masten*,(1985), 18 Ohio St. 3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen 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, Sandra Marker, former Fiscal Officer, and the Ohio Township Association Risk Management Authority, her bonding company, are jointly and severally liable in the amount of \$104.08, to the extent that recovery is not obtained from Daniel Hart.

Officials' Response:

The Township chose not to respond to the above finding

FINDING NUMBER 2008-003

Finding for Recovery

OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustee pursuant to R.C. 505.24, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate, since the date of the certificate controls the salary amount.

Ohio Rev. Code Section 505.24 establishes the compensation for the township trustee based on the annual budget. The Township's annual budget for fiscal year 2007 was \$444,586. Therefore, based on a budget of \$250,001-\$500,000 the trustee's compensation was determined to be \$8,258. However, Michael Oliver, township trustee, was paid \$8,362.08 in 2007, which is an overpayment in the amount of \$104.08.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Michael Oliver, township trustee, in the amount of \$104.08, and in favor of the General Fund of Richland Township.

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 is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*(1929), 120 Ohio St 47; 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State ex rel. Vill. of Linndale v. Masten*, (1985), 18 Ohio St. 3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen 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, Sandra Marker, former Fiscal Officer; and the Ohio Township Association Risk Management Authority, her bonding company, are jointly and severally liable in the amount of \$104.08, to the extent that recovery is not obtained from Michael Oliver.

Officials' Response:

The Township chose not to respond to the above finding.

FINDING NUMBER 2008-004

Finding for Recovery

OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustee pursuant to R.C. 505.24, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate, since the date of the certificate controls the salary amount.

Ohio Rev. Code Section 505.24 establishes the compensation for the township trustee based on the annual budget. The Township's annual budget for fiscal year 2007 was \$444,586. Therefore, based on a budget of \$250,001-\$500,000 the trustee's compensation was determined to be \$8,258. However, Robert Wagner, township trustee, was paid \$8,362.08 in 2007, which is an overpayment in the amount of \$104.08.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Robert Wagner, township trustee, in the amount of \$104.08, and in favor of the General Fund of Richland Township.

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 is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St 47; 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State ex rel. Vill. of Linndale v. Masten*, (1985), 18 Ohio St. 3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen 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, Sandra Marker, former Fiscal Officer; and the Ohio Township Association Risk Management Authority, her bonding company, are jointly and severally liable in the amount of \$104.08, to the extent that recovery is not obtained from Robert Wagner.

Officials' Response:

The Township chose not to respond to the above finding.

FINDING NUMBER 2008-005

Noncompliance Citation:

Ohio Rev. Code Section 5705.10 (D) states, in part, 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 2008 and 2007 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:

**FINDING NUMBER 2008-005
 (Continued)**

2008 Fund Type	Township's Ending Fund Balance	Misstatement Increase or (Decrease)	Audited Ending Fund Balance
General Fund 1000	\$168,845	(\$58,113)	\$110,732
Special Revenue Funds:			
Motor Vehicle License Tax 2011	24,665	4,263	28,928
Gas Tax 2021	309,877	54,008	363,885
Road & Bridge 2031	9,393	343	9,736
Cemetery 2041	3,699	(11,392)	(7,693)
Cemetery 2042	789	(789)	
Fire Levy 2191	428	3,539	3,967
Total Special Revenue Fund	<u>348,851</u>	<u>49,972</u>	<u>398,823</u>
Expendable Trust Fund 7001	102	(102)	
Private Purpose Funds:			
Non-Expendable Trust 8001			
Lucille Clark Trust (1) 8003	10,821	685	11,506
Lucille Clark Trust (2) 8004	10,837	637	11,474
Ashman Trust 8005	1,738	113	1,851
Kelsey Trust 8006	1,994	126	2,120
Copess Trust 8002	9,717	(772)	8,945
Total Private Purpose Trust Fund	<u>\$ 35,107</u>	<u>\$ 789</u>	<u>\$ 35,896</u>
2007 Fund Type	Township's Ending Fund Balance	Misstatement Increase or (Decrease)	Audited Ending Fund Balance
General Fund 1000	\$60,955	(\$27,005)	\$33,950
Special Revenue Funds:			
Motor Vehicle License Tax 2011	33,983	521	34,504
Gas Tax 2021	307,736	26,977	334,713
Road & Bridge 2031	11,921	162	12,083
Cemetery 2041	(1,559)	(11,790)	(13,349)
Fire District Levy 2191		1,561	1,561
Total Special Revenue Fund	<u>352,081</u>	<u>17,431</u>	<u>369,512</u>
Expendable Trust Fund 7001	102	(102)	
Private Purpose Trust Funds:			
Non-Expendable Trust 8001			
Lucille Clark Trust (1) 8003	10,821	410	11,231
Lucille Clark Trust (2) 8004	10,837	312	11,149
Ashman Trust 8005	1,738	55	1,793
Kelsey Trust 8006	1,994	66	2,060
Copess Trust 8002	8,978	(280)	8,698
Total Private Purpose Trust Fund	<u>\$ 34,368</u>	<u>\$ 563</u>	<u>\$34,931</u>

The adjustments shown above have been reflected in the accompanying combined financial statements presented in this report. In addition, in 2008 the Cemetery Fund had a negative ending fund balance of \$7,693 and a negative ending fund balance of \$13,349 in 2007 indicating that resources from another fund had been used to meet Cemetery Fund obligations.

**FINDING NUMBER 2008-005
(Continued)**

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:

The Township chose not to respond to the above finding.

FINDING NUMBER 2008-006

Noncompliance Citation

1982 Ohio Attorney General Opinion No. 82-031 determined 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 \$96 and \$1,210, respectively, as required in 2008. The Township did not post interest earned to the Motor Vehicle License Tax Fund and the Gas Tax Fund of \$209 and \$1,891, respectively, as required in 2007. 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:

The Township chose not to respond to the above finding.

FINDING NUMBER 2008-007

Noncompliance Citation

Ohio Rev. Code 505.24(C) states in part, that whenever members of a board of township trustees are compensated per diem and not by annual salary, the board shall establish, by resolution, a method by which each member of the board shall periodically notify the township fiscal officer of the number of days spent in the service of the township and the kinds of services rendered on those days. The per diem compensation shall be paid from the township general fund or from other township funds in such proportion as the kinds of services performed may require. (For example, the township could charge trustee time spent on road repairs to the road & bridge fund.)

For Trustee salaries not paid from the general fund, **Ohio Attorney General Opinion 2004-036** requires that the board establish administrative procedures to properly document the proportionate amount chargeable to other township restricted funds based on the kinds of services rendered. The administrative procedures can be timesheets or a similar method or record keeping, as long as the Trustees document all time spent on township business and the type of services performed. If Trustees do not document their time, then no part of their salaries may be paid from funds other than the general fund.

Ohio Rev. Code Section 5735.27(A)(5)(d) restricts monies expended from the township's gasoline tax fund to only the purposes of planning, constructing, maintaining, widening, and reconstruction the public roads and highways within the township.

**FINDING NUMBER 2008-007
 (Continued)**

By failing to document their time, Trustees could not assure that the proportionate amount paid from the gasoline tax fund properly reflected the proportion of time each roads and highways within the township relative to the total time spent on township business.

This noncompliance also occurred during the audit of the Township for the period 1/1/05 – 12/31/06 and the Township was directly informed of this requirement in the Auditor of State’s management letter dated May 21, 2008. However, during the current audit period, the Township continued to record Trustee salary payments to the Gasoline Excise Tax Fund without administrative procedures established to account for Trustees’ time spent on township business and the types of services performed from this restricted fund.

The Township made the adjustment in Finding 2008-005 to reduce the General Fund and increase the Gas Tax Fund cash fund balance by \$25,788.60 for 2008 and \$25,086.24 for 2007 as reflected, along with other adjustments also noted in the Finding 2008-016.

Officials’ Response:

The Township chose not to respond to the above finding.

FINDING NUMBER 2008-008

Noncompliance Citation

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 2008 and 2007, the Township certified the balances of the 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 Township chose not to respond to the above finding.

FINDING NUMBER 2008-009

Noncompliance Citation

Ohio Rev. Code Section 5705.39 provides, in part, that the total appropriation from each fund shall not exceed the estimated revenue available for expenditure there from as certified by the county budget commission, or in case of appeal, by the board of tax appeals.

At December 31, 2007, the annual appropriations exceeded the certificate of estimated resources as noted below:

	Total Certificate of Estimated Resources	Annual Appropriations	Variance
General Fund	\$48,307	\$97,383	(\$49,531)
Cemetery Fund	5,114	10,517	(5,403)

**FINDING NUMBER 2008-009
(Continued)**

The Township should monitor and amend the appropriations as necessary to remain in compliance with this section and reduce the possibility of overspending resources.

Officials' Response:

The Township chose not to respond to the above finding.

FINDING NUMBER 2008-010

Noncompliance Citation

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 to 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.

The Township had two instances, in the amounts of \$3,203 issued to OTARMA and \$6,613 issued to the Treasurer of State (for FEMA reimbursement) during 2007 for which adequate support documentation was not maintained for payment. 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. These amounts were subsequently confirmed with the vendor on receiving payment for insurance and reimbursement of FEMA grant.

In addition, there were seven missing 2007 tax settlements (three affected taxes and four with intergovernmental revenue), which had to be obtained from the County Auditor's office for audit purposes. The Fiscal Officer should maintain all tax settlements in an orderly fashion as support for the revenue allocation. Further, none of the three 2007 fire service contracts were maintained. The contracts stipulated the payment dates and percent of allocation.

Failure to retain these required public records could result in an incomplete audit trail, potentially create 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 the physical assets and preservation of records.

Officials' Response:

The Township chose not to respond to the above finding.

FINDING NUMBER 2008-011

Noncompliance Citation

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

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.

**FINDING NUMBER 2008-011
(Continued)**

- A. “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.

- B. Blanket Certificate** – Fiscal officers may prepare “blanket” certificates for a sum not exceeding an amount established by resolution or ordinance adopted by the members of the legislative authority, against any specific line item account, and not running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

- C. Super Blanket Certificate** – The Village 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 beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

Richland Township did not properly certify the availability of funds prior to purchase commitment for 70% (\$60,696.84 out of \$86,268.64 expenditures tested) in 2008; and 66% (\$49,727.22 out of \$74,926.37 expenditures tested) in 2007. There was no evidence that Richland Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and lead to negative cash fund balances.

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, the Township should certify that the funds are or will be available prior to the obligation. When prior certification is not possible, “then and now” certification should be used.

Officials’ Response:

The Township chose not to respond to the above finding.

FINDING NUMBER 2008-012

Noncompliance Citation

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 2008 and 2007 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.

**FINDING NUMBER 2008-012
(Continued)**

None of the 2008 and 2007 estimated resources were entered into the accounting system.

The 2008 appropriations were misstated by the following amounts on the UAN system: General Fund was overstated \$15,000; Motor Vehicle License Tax Fund was overstated \$245,291; and Fire Levy Fund was overstated \$500.

The 2007 appropriations were misstated by the following amounts on the UAN system: General Fund was understated \$13,478; Motor Vehicle License Tax Fund was overstated \$36,609; Gas Tax Fund was understated \$30,212; Cemetery Fund was overstated \$1,500; and Fire Levy Fund was overstated \$4,162.

The above issues resulted in the budgetary accounting system reporting amounts different from those approved, 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.

Officials' Response:

The Township chose not to respond to the above finding.

FINDING NUMBER 2008-013

Fire Protection Contracts

The Township entered into fire protection contracts with three villages during 2008 and 2007. 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 hereinafter imposed, fire levies, - specifically denominated as such, levied upon the taxable property situated in the township of Richland, Darke County, Ohio, 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, 2007 and one half of said sum shall be payable on or before December 15, 2007." However, in violation of this contract, two of the 2007 payments to the Village of Ansonia were issued after December 15th. The 2008 fire protection contract with the Village of Ansonia specified 50% of the fire levy proceeds similarly payable on June 15, 2008 and December 15, 2008.

The Village of Versailles 2007 contract stated that Richland Township agreed to pay the Village 25% of the total amount of monies collected from its fire mill levy/levies for a given contract year, including any delinquent taxes that might be paid and the proportionate share of the commercial share received by it in lieu of personal property tax. Payment of said amount, other than delinquent taxes paid after August 1, 2007, shall be in semi-annual installments with the first payment to be paid on or before March 31, 2007 and the second payment to be paid not later than the 31st day of August, 2007. All four payments made in 2007 were beyond the required dates, in violation of this contract.

The Gettysburg Rural Fire Department, Inc. 2008 and 2007 fire protection contracts stated that Richland Township agreed to pay 25% of the total monies collected from their fire mill fire levy/levies for the given contract year, including any delinquent taxes that might be paid. Payment of said amount shall be payable not later than the 31st day of January of the year following the given contract year. As indicated below the Township had not paid all required amounts to the rural Fire Department, Inc.

**FINDING NUMBER 2008-013
 (Continued)**

Due to the Fiscal Officer's 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, 2009, the following amounts were overpaid/(underpaid) according to the contract payment terms:

	<u>Prior Audit Delinquencies</u>	<u>2007</u>	<u>2008</u>	<u>Total Owed</u>
Village of Ansonia	(\$1,620)	\$1,013	(\$788)	(\$1,395)
Village of Versailles	(810)	507	(394)	(697)
Gettysburg Rural Fire Department, Inc.	(810)	507	(394)	(697)

Failure to properly pay based on the annual contract's term, conditions, and amounts could result in unrealized liabilities and 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 controls over monitoring the payments based on the annual contract's terms, conditions, and amount to avoid possible legal action, over and underpayments, or termination of future fire protection services.

Officials' Response:

The Township chose not to respond to the above finding.

FINDING NUMBER 2008-014

Monitoring Township Financial Reports

The Township's 2008 and 2007 annual reports generated by the Uniform Accounting Network (UAN) did not have the correct beginning fund balances. The General Fund's beginning January 1, 2007, balance was understated by \$2,598 from the 2006 audit report. The inaccurate beginning fund balance for 2007 was due to prior audit adjustments that were not properly entered into the UAN system by the Fiscal Officer. The Township then had to contact Local Government Services (LGS) to properly reconcile the bank to book balances for 2008 and 2007.

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 miss-postings and other irregularities that occurred during 2008 and 2007.

Since the Township Fiscal Officer was 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.

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 Township chose not to respond to the above finding.

FINDING NUMBER 2008-015

Monthly Bank Reconciliations

The Township's monthly bank reconciliations were not properly performed by the Fiscal Officer. Throughout the year and at December 31, 2008 and 2007, the certificate of deposit amounts used in the reconciliations did not agree to the bank balances, by \$27,477.70 and \$26,738.70 for each year end. In addition, the outstanding check amounts shown at December 31, 2008 and 2007 were incorrect by \$2,224.50 and \$1,649.65, respectively. Also, the bank balances at year-end were reconciled to book balances that were improperly adjusted for prior year audit adjustments by \$7,402.57.

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.

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 Township chose not to respond to the above finding.

FINDING NUMBER 2008-016

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 2008 and 2007:

- Interest revenue was posted to the incorrect funds and not allocated correctly. In 2008, \$225 of CD bequest interest was incorrectly recorded as General Fund interest. In 2007, there was \$484 of CD bequest interest incorrectly recorded as General Fund interest.
- In 2008, \$2,857 of Motor Vehicle License (MVL) Tax monies was incorrectly posted as General Fund taxes. Also, \$5,630 of MVL tax monies was incorrectly posted as taxes in the MVL Fund. In 2007, \$9,509 of Motor Vehicle License Tax monies was incorrectly posted as taxes.
- In 2008 and 2007, the \$10,000 exemption settlement was improperly posted as property tax revenue instead of intergovernmental revenue and not allocated properly 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. The General Fund amount incorrectly posted was \$5,994 in 2008 and \$4,803 in 2007.
- The 2008 and 2007 Fire Levy monies were incorrectly recorded as charges for services rather than taxes. The 2008 and 2007 amounts were \$12,169 and \$12,090 respectively. In addition, the auditor/treasurer fees were not posted in amount of \$339 in 2008 and \$312 in 2007.
- In 2007, OPERS refunds in a total amount of \$3,345 were incorrectly recorded as Fees.

**FINDING NUMBER 2008-016
(Continued)**

- In 2008, a \$231 computer sale and \$374 liquor fees were incorrectly posted as Fees in the General Fund, which were re-classed as Miscellaneous Revenue for the computer and Intergovernmental Revenue for the liquor license.
- In 2008, a Cemetery Fee was incorrectly posted to the General Fund in amount of \$400 and the sale of a cemetery lot of \$300 was posted to the Cemetery Fund Fees, rather than Miscellaneous Revenue.
- In 2008, property tax reimbursements of \$307 were incorrectly posted to Fire Levy Fund instead of the General Fund.
- In 2008, the Homestead Rollback was incorrectly posted as Taxes of \$56 in the Road & Bridge Fund and as Fees of \$307 in the Fire Levy Fund. In 2007, Homestead Rollback in amount of \$625 was incorrectly posted as Charges for Services in the Fire Levy Fund.
- In 2007, local government assistance, local government franchise, personal property tax reimbursements, public utility, and cigarette tax in a total amount of \$13,655 was incorrectly posted as Taxes in the General Fund. Also, local government revenue in amount of \$360 was incorrectly posted as other financing sources. In 2008, \$1,439 of General Fund intergovernmental revenue was incorrectly recorded as taxes.
- In 2008, the two estate tax receipts were incorrectly posted at the net amount. There was \$2,146 in auditor/treasurer deductions not recorded.
- In 2008, there was \$789 of Motor Vehicle License Tax monies incorrectly posted as Taxes in an inactive Cemetery Fund 2042.

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 2008 and 2007.

Officials' Response:

Township chose not to respond to the above finding.

FINDING NUMBER 2008-017

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.

**FINDING NUMBER 2008-017
(Continued)**

The Township did not maintain accurate financial records or proper monthly reconciliations during 2008 and 2007. This forced the Township had to contract with the Local Government Services (LGS) division of the Auditor of State to reconcile its books with the bank balances for 2008 and 2007 to prepare for the biennial audit. During the reconciliation process the LGS noted differences of \$7,455 in 2008 and \$9,113 in 2007 between the books and the bank transactions. The Township did not have a risk assessment process working effectively that could have identified 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:

The Township chose not to respond to the above finding.

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**RICHLAND TOWNSHIP
DARKE 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; Explain
2006-001	Ohio Rev. Code Section 505.601 Finding for Recovery for out of pocket of health insurance reimbursement.	Yes	
2006-002	Ohio Rev. Code Section 505.601 Finding for Recovery for out of pocket of health insurance reimbursement.	Yes	
2006-003	Ohio Rev. Code Section 505.601 Finding for Recovery for out of pocket of health insurance reimbursement.	Yes	
2006-004	Ohio Rev. Code Section 505.601 Finding for Recovery for out of pocket of health insurance reimbursement.	Yes	
2006-005	1982 Opinion Attorney General No. 82-031 incorrect interest allocation.	No	Not Corrected. Reissued as Finding Number 2008-006.
2006-006	Ohio Rev. Code Section 149.351 (A) missing records.	No	Not Corrected. Reissued as Finding Number 2008-010
2006-007	Ohio Rev. Code Section 5705.41(D) prior certification of funds.	No	Not Corrected. Reissued as Finding Number 2008-011
2006-008	Ohio Rev. Code Section 5705.36(A)1(b) improper certification of non-expendable trust funds.	No	Not Corrected. Reissued as Finding Number 2008-008
2006-009	Ohio Rev. Code Section 5705.10 improper revenue posting.	No	Not Corrected. Reissued as Finding Number 2008-005
2006-010	Ohio Adm. Code Section 117-2-02(C)(1) inaccurate budgetary system amounts	No	Not Corrected. Reissued as Finding Number 2008-012
2006-011	Fire Protection Contracts	No	Not Corrected. Reissued as Finding Number 2008-013.
2006-012	Monthly Bank Reconciliations	No	Not Corrected. Reissued as Finding Number 2008-015.

Richland Township
 Darke County
 Schedule Of Prior Audit Findings
 Page 2

2006-013	Monitoring Township Financial Reports	No	Not Corrected. Reissued as Finding Number 2008-014.
2006-014	Revenue Posting	No	Not Corrected. Reissued as Finding Number 2008-016.
2006-015	Classification of Expenditures	No	Partially Corrected. Reserve for Encumbrances is repeated in a separate letter to management.
2006-016	Risk Assessment	No	Not Corrected. Reissued as Finding Number 2008-017.
2006-017	Uniform Accounting System Training	Yes	



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
DECEMBER 8, 2009**