

**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

AUDIT REPORT

JANUARY 1, 2004 – DECEMBER 31, 2005

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



**Auditor of State
Betty Montgomery**

Board of Township Trustees
Richland Township
14126 Ideal Road
Senecaville, Ohio 43780

We have reviewed the *Independent Auditors' Report* of Richland Township, Guernsey County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 27, 2006

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**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Richland Township
Guernsey County
P.O. Box 27
Senecaville, Ohio 43780

We have audited the accompanying financial statements of Richland Township, Guernsey County as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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 paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Richland Township's combined funds as of December 31, 2005 and 2004, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of Richland Township, Guernsey County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also require the Township to include Management's Discussion and Analysis for the year ended December 31, 2005 and 2004. 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 a report dated August 14, 2006, on our consideration of Richland Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Wolfe, Wilson, & Phillips, Inc.

Zanesville, Ohio

August 14, 2006

**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Funds	
Cash Receipts:						
Local Taxes	\$ 24,340	\$ 78,816	\$ -	\$ -	\$ -	\$ 103,156
Licenses, Permits, and Fees	-	3,722	-	-	-	3,722
Intergovernmental	14,313	87,571	16,286	77,643	-	195,813
Earnings on Investments	2,734	222	-	-	3	2,959
Other Revenue	5	20,184	-	-	-	20,189
Total Cash Receipts	<u>41,392</u>	<u>190,515</u>	<u>16,286</u>	<u>77,643</u>	<u>3</u>	<u>325,839</u>
Cash Disbursements:						
Current:						
General Government	43,449	-	-	-	-	43,449
Public Safety	-	17,200	-	-	-	17,200
Public Works	-	211,161	-	-	-	211,161
Health	341	19,970	-	-	-	20,311
Capital Outlay	10,000	98,199	-	15,496	-	123,695
Debt Service:						
Redemption of Principal	-	-	13,600	-	-	13,600
Interest and Fiscal Services	-	-	2,283	-	-	2,283
Total Cash Disbursements	<u>53,790</u>	<u>346,530</u>	<u>15,883</u>	<u>15,496</u>	<u>-</u>	<u>431,699</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(12,398)	(156,015)	403	62,147	3	(105,860)
Other Financing Cash Receipts/(Disbursements)						
Other Financing Sources	106	4,650	-	-	-	4,756
Sale of Notes	-	68,000	-	-	-	68,000
Transfers-In	2,485	66,950	-	-	-	69,435
Transfers-Out	-	-	-	(69,435)	-	(69,435)
Total Other Financing Cash Receipts/(Disbursements)	<u>2,591</u>	<u>139,600</u>	<u>-</u>	<u>(69,435)</u>	<u>-</u>	<u>72,756</u>
Excess of Cash Receipts and Other Financing Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(9,807)	(16,415)	403	(7,288)	3	(33,104)
Fund Cash Balances, January 1	49,933	102,261	960	7,924	1,076	162,154
Fund Cash Balances, December 31	<u>\$ 40,126</u>	<u>\$ 85,846</u>	<u>\$ 1,363</u>	<u>\$ 636</u>	<u>\$ 1,079</u>	<u>\$ 129,050</u>
Reserve for Encumbrances, December 31	<u>\$ 1,029</u>	<u>\$ 8,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,538</u>

See notes to financial statements.

**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Funds	
Cash Receipts:						
Local Taxes	\$ 24,824	\$ 78,515	\$ -	\$ -	\$ -	\$ 103,339
Licenses, Permits, and Fees	-	7,758	-	-	-	7,758
Intergovernmental	52,115	83,094	10,050	39,487	-	184,746
Earnings on Investments	2,069	126	-	-	2	2,197
Other Revenue	873	55,656	-	-	-	56,529
Total Cash Receipts	<u>79,881</u>	<u>225,149</u>	<u>10,050</u>	<u>39,487</u>	<u>2</u>	<u>354,569</u>
Cash Disbursements:						
Current:						
General Government	43,629	-	-	-	-	43,629
Public Safety	-	17,884	-	-	-	17,884
Public Works	-	132,065	-	-	-	132,065
Health	342	29,028	-	-	-	29,370
Capital Outlay	-	50,287	-	15,613	-	65,900
Debt Service:						
Redemption of Principal	-	-	9,006	-	-	9,006
Interest and Fiscal Services	-	-	523	-	-	523
Total Cash Disbursements	<u>43,971</u>	<u>229,264</u>	<u>9,529</u>	<u>15,613</u>	<u>-</u>	<u>298,377</u>
Total Cash Receipts Over/(Under) Cash Disbursements	35,910	(4,115)	521	23,874	2	56,192
Other Financing Cash Receipts/(Disbursements)						
Other Financing Sources	84	3,000	-	-	-	3,084
Transfers-In	-	22,137	-	-	-	22,137
Transfers-Out	-	-	-	(22,137)	-	(22,137)
Total Other Financing Cash Receipts/(Disbursements)	<u>84</u>	<u>25,137</u>	<u>-</u>	<u>(22,137)</u>	<u>-</u>	<u>3,084</u>
Excess of Cash Receipts and Other Financing Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	35,994	21,022	521	1,737	2	59,276
Fund Cash Balances, January 1	<u>13,939</u>	<u>81,239</u>	<u>439</u>	<u>6,187</u>	<u>1,074</u>	<u>102,878</u>
Fund Cash Balances, December 31	<u>\$ 49,933</u>	<u>\$ 102,261</u>	<u>\$ 960</u>	<u>\$ 7,924</u>	<u>\$ 1,076</u>	<u>\$ 162,154</u>
Reserve for Encumbrances, December 31	<u>\$ 1,178</u>	<u>\$ 11,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,969</u>

See notes to financial statements.

**RICHLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Township of Richland, Guernsey County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees and a publicly elected Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Villages of Senecaville, Lore City, and Quaker City to provide fire protection and emergency services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

All cash is maintained in an interest-bearing checking account. Certificates of Deposit are recorded at cost.

D. Fund Accounting

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

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

**RICHLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

Gasoline Tax Fund – This fund receives gasoline tax receipts for constructing, maintaining and repairing Township roads and bridges.

Road and Bridge Fund – This fund receives property tax money for the construction, repair and maintenance of Township roads.

Debt Service Funds

The debt service fund is used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Fund:

Note Retirement Fund – This fund receives motor vehicle license tax money and gasoline tax money for the principal and interest payments of outstanding general obligation notes.

Capital Projects Funds

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

Public Works Commission Fund – This fund receives Issue II monies through the County engineer for maintenance of Township roads.

Fiduciary Funds

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

Lucinda-Lowry Trust and Lowry-Moss Trust Funds – These Non-Expendable Trust Fund receives interest from a saving account to maintain certain cemeteries within the Township.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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. Unencumbered appropriations lapse at year-end.

**RICHLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled and reappropriated in the subsequent year. The Township did not properly encumber all commitments required by Ohio law.

A Summary of 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	<u>2005</u>	<u>2004</u>
Demand Deposits	\$ 37,971	\$ 71,078
Savings Trust Deposits	1,079	1,076
Certificates of Deposits	90,000	90,000
Totals	<u>\$ 129,050</u>	<u>\$ 162,154</u>

Deposits:

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

**RICHLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 was as follows:

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 40,122	\$ 43,983	\$ 3,861
Special Revenue	293,601	330,115	36,514
Debt Service	16,286	16,286	-
Capital Projects	77,643	77,643	-
Fiduciary	<u>5</u>	<u>3</u>	<u>(2)</u>
Total	<u>\$ 427,657</u>	<u>\$ 468,030</u>	<u>\$ 40,373</u>

2005 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 62,985	\$ 54,819	\$ 8,166
Special Revenue	369,498	355,039	14,459
Debt Service	16,286	16,286	-
Capital Projects	85,435	84,931	504
Fiduciary	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 534,204</u>	<u>\$ 511,075</u>	<u>\$ 23,129</u>

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 37,206	\$ 79,965	\$ 42,759
Special Revenue	230,424	250,286	19,862
Debt Service	10,050	10,050	-
Capital Projects	34,665	39,487	4,822
Fiduciary	<u>5</u>	<u>2</u>	<u>(3)</u>
Total	<u>\$ 312,350</u>	<u>\$ 379,790</u>	<u>\$ 67,440</u>

**RICHLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 49,700	\$ 45,149	\$ 4,551
Special Revenue	289,783	241,055	48,728
Debt Service	10,488	9,529	959
Capital Projects	39,137	37,750	1,387
Fiduciary	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 389,108</u>	<u>\$ 333,483</u>	<u>\$ 55,625</u>

4. PROPERTY TAX

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

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 June 30.

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

5. RETIREMENT SYSTEMS

The Township's Trustees, Clerk and other employees of the Township belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2005

**RICHLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

6. DEBT

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest rate</u>
G. O. Note – Tractor	\$ 54,400	3.95%
Total	\$ 54,400	

A general obligation note was issued in 2005 to finance the purchase of a new tractor to be used for Township road maintenance. This note is collateralized by the Tractor. Payments are made annually.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ended December 31	Principal	Interest	Total
2006	\$ 13,600	\$ 2,148	\$ 15,748
2007	13,600	1,611	15,211
2008	13,600	1,074	14,674
2009	13,600	537	14,137
Total	\$ 54,400	\$ 5,370	\$ 11,152

**RICHLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

7. RISK MANAGEMENT

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

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation. If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

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, 2004, the latest information available.

Casualty Coverage	2004	2003
Assets	\$ 30,687,203	\$ 27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained Earnings	<u>\$ 17,046,241</u>	<u>\$ 16,000,923</u>
Property Coverage	2004	2003
Assets	\$ 7,799,073	\$ 6,791,060
Liabilities	(753,906)	(750,956)
Retained Earnings	<u>\$ 7,045,167</u>	<u>\$ 6,040,104</u>

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

Richland Township
Guernsey County
P. O. Box 27
Senecaville, Ohio 43780

We have audited the financial statements of Richland Township as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 14, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Richland Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Richland Township in a separate letter dated August 14, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Richland Township's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted certain other immaterial instances of noncompliance that we have reported to the management of Richland Township in a separate letter dated August 14, 2006.

This report is intended for the information of the Board of Trustees, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
August 14, 2006

**RICHLAND TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-001	ORC 5705.41(B) Expenditures exceeded appropriations	Yes	Finding No Longer Valid
2003-002	Finding for Recovery	Yes	Paid in full on June 8, 2004.



**Auditor of State
Betty Montgomery**

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RICHLAND TOWNSHIP

GUERNSEY 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
OCTOBER 10, 2006**