



Mary Taylor, CPA
Auditor of State

**WESLEY TOWNSHIP
WASHINGTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	21

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Mary Taylor, CPA
Auditor of State

Wesley Township
Washington County
P.O. Box 114
Bartlett, Ohio 45713

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 7, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wesley Township
Washington County
P.O. Box 114
Bartlett, Ohio 45713

To the Board of Trustees:

We have audited the accompanying financial statements of Wesley Township, Washington 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 Wesley Township, Washington 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.

During 2007, the Township changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 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

July 7, 2009

**WESLEY TOWNSHIP
WASHINGTON 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>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$20,160	\$57,864		\$78,024
Licenses, Permits, and Fees		4,975		4,975
Intergovernmental	34,040	133,484		167,524
Special Assessments		1,178		1,178
Earnings on Investments	239	239	\$72	550
Miscellaneous		1,086		1,086
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	54,439	198,826	72	253,337
Cash Disbursements:				
Current:				
General Government	45,910	343		46,253
Public Safety		46,777		46,777
Public Works	200	144,565		144,765
Health	7,147	1,500		8,647
Human Services	379			379
Capital Outlay	7,474			7,474
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	61,110	193,185	0	254,295
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(6,671)	5,641	72	(958)
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets		3,600		3,600
Other Financing Sources	798			798
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	798	3,600	0	4,398
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(5,873)	9,241	72	3,440
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	5,514	27,460	3,411	36,385
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	(\$359)	\$36,701	\$3,483	\$39,825

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

**WESLEY TOWNSHIP
WASHINGTON 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>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$23,853	\$68,320		\$92,173
Licenses, Permits, and Fees		1,275		1,275
Intergovernmental	33,677	142,311		175,988
Special Assessments		1,314		1,314
Earnings on Investments	346	248	\$138	732
Miscellaneous		813		813
	<u>57,876</u>	<u>214,281</u>	<u>138</u>	<u>272,295</u>
Cash Disbursements:				
Current:				
General Government	56,896	178		57,074
Public Safety		49,862		49,862
Public Works	3,403	167,219		170,622
Health	6,077	2,675		8,752
Human Services	234			234
Capital Outlay	16,900			16,900
	<u>83,510</u>	<u>219,934</u>	<u>0</u>	<u>303,444</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(25,634)</u>	<u>(5,653)</u>	<u>138</u>	<u>(31,149)</u>
Other Financing Receipts / (Disbursements):				
Transfers-In	10,917	600		11,517
Transfers-Out	(600)	(10,917)		(11,517)
Advances-In	296	296		592
Advances-Out	(296)	(296)		(592)
Other Financing Sources	174			174
	<u>10,491</u>	<u>(10,317)</u>	<u>0</u>	<u>174</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(15,143)	(15,970)	138	(30,975)
Fund Cash Balances, January 1	<u>20,657</u>	<u>43,430</u>	<u>3,273</u>	<u>67,360</u>
Fund Cash Balances, December 31	<u>\$5,514</u>	<u>\$27,460</u>	<u>\$3,411</u>	<u>\$36,385</u>

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

**WESLEY TOWNSHIP
WASHINGTON 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 Wesley Township, Washington County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Wesley Township Volunteer Fire Department to provide fire and ambulance services.

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

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

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:

**WESLEY TOWNSHIP
WASHINGTON 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 (Continued)

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

Fire Levy Fund - This fund receives property tax money for providing fire and ambulance services to Township residents.

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Fund:

Cemetery Bequest Fund - This fund receives interest earned on the non-expendable corpus from a trust agreement. These earnings can be used for the general maintenance and upkeep of the Township cemetery.

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 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 reappropriated in the subsequent year.

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

**WESLEY TOWNSHIP
WASHINGTON 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 cash and investments at December 31 was as follows:

	2007	2008
Demand deposits	\$33,575	\$36,943
Total deposits	33,575	36,943
STAROhio	2,810	2,882
Total investments	2,810	2,882
Total deposits and investments	\$36,385	\$39,825

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

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 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,285	\$55,237	(\$1,048)
Special Revenue	209,678	202,426	(\$7,252)
Permanent	125	72	(53)
Total	\$266,088	\$257,735	(\$8,353)

**WESLEY TOWNSHIP
WASHINGTON 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	\$65,139	\$61,110	\$4,029
Special Revenue	236,574	193,185	43,389
Permanent	726	0	726
Total	<u>\$302,439</u>	<u>\$254,295</u>	<u>\$48,144</u>

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$74,588	\$68,967	(\$5,621)
Special Revenue	222,877	214,881	(7,996)
Permanent	100	138	38
Total	<u>\$297,565</u>	<u>\$283,986</u>	<u>(\$13,579)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,583	\$84,110	(\$12,527)
Special Revenue	222,858	230,851	(7,993)
Permanent	323	0	323
Total	<u>\$294,764</u>	<u>\$314,961</u>	<u>(\$20,197)</u>

At December 31, 2008, expenditures exceeded appropriations at the legal level of control for one line item in the General Fund and one line item in the Gasoline Tax Fund, contrary to Ohio law.

At December 31, 2007, expenditures exceeded appropriations in the General Fund by \$12,527, and in the FEMA Fund by \$10,745, contrary to Ohio law.

At December 31, 2007, expenditures exceeded appropriations at the legal level of control for six line items in the General Fund and one line item in the Motor Vehicle License Tax Fund, Gasoline Tax Fund and FEMA Fund, contrary to Ohio law.

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.

**WESLEY TOWNSHIP
WASHINGTON COUNTY**

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

4. Property Tax (Continued)

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 System

The Township's 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 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.

6. Risk Management

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

The Township insures against injuries to employees through the Ohio Bureau of 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).

**WESLEY TOWNSHIP
WASHINGTON COUNTY**

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

6. Risk Management (Continued)

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 \$3,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**WESLEY TOWNSHIP
WASHINGTON COUNTY**

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

6. 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.

Contributions to OTARMA

2006	\$	3,865
2007	\$	3,305
2008	\$	3,475

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

7. Related Party Transactions

Gary Ginther was a Township Trustee through December 31, 2007. Mr. Ginther also worked as a truck driver at Burkhart Trucking, a company in which the Township does business. The Township paid \$10,782 to Burkhart Trucking in 2007. During 2008, at which time Mr. Ginther was no longer a Trustee of the Township, the Township paid \$1,689 to Burkhart Trucking.

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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*

Wesley Township
Washington County
P.O. Box 114
Bartlett, Ohio 45713

To the Board of Trustees:

We have audited the financial statements of Wesley Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated July 7, 2009, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider finding 2008-002 described in the accompanying Schedule of Findings to be a significant deficiency 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. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated July 7, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2008-001.

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 July 7, 2009.

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



Mary Taylor, CPA
Auditor of State

July 7, 2009

**WESLEY TOWNSHIP
WASHINGTON 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 Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been properly appropriated.

Expenditures exceeded appropriations at the legal level of control at December 31, 2008, as follows:

<u>Fund/Line Item</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
1000-760-730-0000	\$ 6,867	\$ 7,474	\$ (607)
2021-330-360-0000	0	1,061	(1,061)

Expenditures exceeded appropriations at December 31, 2007, in the following funds:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 71,583	\$ 84,110	\$(12,527)
FEMA	350	11,095	(10,745)

Expenditures exceeded appropriations at the legal level of control at December 31, 2007, as follows:

<u>Fund/Line Item</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
1000-110-221-0000	\$ 10,000	\$ 14,511	\$(4,511)
1000-110-360-0000	1,300	2,104	(804)
1000-110-599-0000	800	1,692	(892)
1000-120-323-0000	2,000	3,022	(1,022)
1000-330-420-0000	0	3,403	(3,403)
1000-760-740-0000	14,280	16,900	(2,620)
2011-330-420-0000	7,050	12,550	(5,500)
2021-330-420-0000	0	9,405	(9,405)
2903-910-910-0000	0	10,917	(10,917)

This resulted in the aforementioned funds spending more than was appropriated.

**WESLEY TOWNSHIP
WASHINGTON 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 2008-001 (Continued)

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

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2008-002

Significant Deficiency

All 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 and remaining uncommitted balances of appropriations.

At December 31, 2008, estimated resources as approved by the Budget Commission did not agree to the Township's ledgers as follows:

<u>Fund</u>	<u>Estimated Receipts Per Budget Commission</u>	<u>Amounts Per Township Reports</u>	<u>Variance</u>
Permissive Sales Tax	\$ 30,508	\$ 33,284	\$(2,776)

At December 31, 2008, appropriations in the system did not agree to the amounts approved by the Board of Trustees at the legal level of control as follows:

<u>Fund/Line Item</u>	<u>Approved Appropriations</u>	<u>Appropriations per the UAN system</u>	<u>Variance</u>
1000-590-599-0000	\$ 1,023	\$ 389	\$ 634
1000-760-730-0000	6,867	7,501	(634)
2021-330-190-0000	23,500	21,939	1,561
2021-330-360-0000	0	1,061	(1,061)

At December 31, 2007, estimated resources as approved by the Budget Commission did not agree to the Township's ledgers as follows:

**WESLEY TOWNSHIP
WASHINGTON 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)

Significant Deficiency (Continued)

<u>Fund</u>	<u>Estimated Receipts Per Budget Commission</u>	<u>Amounts Per Township Reports</u>	<u>Variance</u>
General	\$ 74,588	\$ 68,959	\$ 5,629
Motor Vehicle License Tax	16,622	15,422	1,200
Gasoline Tax	93,401	88,601	4,800
Road and Bridge	29,898	25,198	4,700
Permissive Sales Tax	30,507	35,003	(4,496)
FEMA	100	1,914	(1,814)
Cemetery Bequest	100	127	(27)

At December 31, 2007, appropriations in the system did not agree to the amounts approved by the Board of Trustees at the fund level as follows:

<u>Fund/Line Item</u>	<u>Approved Appropriations</u>	<u>Appropriations per the UAN system</u>	<u>Variance</u>
General	\$ 71,582	\$ 82,497	\$(10,915)
Gasoline Tax	89,006	97,407	(8,401)
FEMA	350	11,267	(10,917)

At December 31, 2007, appropriations in the system did not agree to the amounts approved by the Board of Trustees at the legal level of control as follows:

**WESLEY TOWNSHIP
WASHINGTON 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)

Significant Deficiency (Continued)

<u>Fund/Line Item</u>	<u>Approved Appropriations</u>	<u>Appropriations per the UAN system</u>	<u>Variance</u>
1000-110-221-0000	\$ 10,000	\$ 14,543	\$ (4,543)
1000-110-312-0000	4,500	3,491	1,009
1000-110-330-0000	1,650	937	713
1000-110-360-0000	1,300	2,143	(843)
1000-110-599-0000	800	1,700	(900)
1000-120-323-0000	2,000	3,022	(1,022)
1000-330-420-0000	0	3,667	(3,667)
1000-410-360-0000	7,700	6,077	1,623
1000-760-740-0000	14,280	16,900	(2,620)
2011-330-323-0000	7,050	1,550	5,500
2011-330-420-0000	7,050	12,550	(5,500)
2021-330-221-0000	23,000	21,347	1,653
2021-330-360-0000	2,900	62	2,838
2021-330-420-0000	0	12,248	(12,248)
2041-410-360-0000	2,500	4,101	(1,601)
2903-910-910-0000	0	10,917	(10,917)

There were certain instances in which amendments were approved by the Board of Trustees, but the minutes did not document the fund or line item affected or the amount of the amendment.

Due to budgetary information being improperly entered into the system, the management of the Township was not able to effectively monitor and report its budgetary vs. actual status throughout the year. This also resulted in audit adjustments to the budgetary note disclosure.

We recommend the Fiscal Officer accurately post estimated receipts as approved by the Budget Commission and appropriations as approved by the Board of Trustees into the computer system. This procedure will help ensure more useful comparisons of budget vs. actual activity, as well as provide management with an accurate monitoring tool throughout the year. We also recommend the minutes detail the amount, fund and line item of the supplemental appropriation as approved by the Board of Trustees.

Officials' Response: We did not receive a response from Officials to the findings reported above.

**WESLEY TOWNSHIP
WASHINGTON 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	OAC section 117-2-02(C)(1) – Estimated receipts and appropriations as approved by the Budget Commission and Board of Trustees were not in agreement with amounts posted to the accounting system at the end of the 2005 and 2006 and throughout the years.	No	Not Corrected – Repeated as Finding Number 2008-002.
2006-002	Ohio Rev. Code Section 5705.39 – Appropriations exceeded estimated resources at December 31, 2005, in two funds.	Yes	
2006-003	Ohio Rev. Code Section 5705.41 (B) – Expenditures exceeded appropriations at December 31, 2005 in two funds and in one line item and at December 31, 2006 in two line items.	No	Not Corrected – Repeated as Finding Number 2008-001.



Mary Taylor, CPA
Auditor of State

WESLEY TOWNSHIP

WASHINGTON 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
AUGUST 18, 2009**