



Mary Taylor, CPA
Auditor of State

**WHEELING TOWNSHIP
BELMONT 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.....	24

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Wheeling Township
Belmont County
P. O. Box 6
Fairpoint, Ohio 43927

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

September 8, 2009

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wheeling Township
Belmont County
P. O. Box 6
Fairpoint, Ohio 43927

To the Board of Trustees:

We have audited the accompanying financial statements of Wheeling Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the

financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 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

September 8, 2009

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$21,424	\$65,742		\$87,166
Intergovernmental	80,488	369,162		449,650
Earnings on Investments	195	61		256
Miscellaneous	6,496	997		7,493
	<u>108,603</u>	<u>435,962</u>	<u>\$0</u>	<u>544,565</u>
Cash Disbursements:				
Current:				
General Government	82,993			82,993
Public Safety		20,776		20,776
Public Works	13,092	377,336		390,428
Health	7,231			7,231
Capital Outlay			193,821	193,821
	<u>103,316</u>	<u>398,112</u>	<u>193,821</u>	<u>695,249</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>5,287</u>	<u>37,850</u>	<u>(193,821)</u>	<u>(150,684)</u>
Other Financing Receipts:				
Sale of Notes		19,268	200,000	219,268
	<u>0</u>	<u>19,268</u>	<u>200,000</u>	<u>219,268</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	5,287	57,118	6,179	68,584
Fund Cash Balances, January 1	20,960	45,167	0	66,127
Fund Cash Balances, December 31	<u>\$26,247</u>	<u>\$102,285</u>	<u>\$6,179</u>	<u>\$134,711</u>

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

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$14,362	\$72,952	\$87,314
Intergovernmental	69,825	165,942	235,767
Earnings on Investments	198	61	259
Miscellaneous	12,502		12,502
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	96,887	238,955	335,842
Cash Disbursements:			
Current:			
General Government	113,743		113,743
Public Safety		24,800	24,800
Public Works	12,100	229,463	241,563
Health	3,908		3,908
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	129,751	254,263	384,014
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	(32,864)	(15,308)	(48,172)
Other Financing Receipts/(Disbursements):			
Other Financing Sources	3,312		3,312
Other Financing Uses		(3,312)	(3,312)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	3,312	(3,312)	0
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(29,552)	(18,620)	(48,172)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	50,512	63,787	114,299
Fund Cash Balances, December 31	<hr/> \$20,960 <hr/>	<hr/> \$45,167 <hr/>	<hr/> \$66,127 <hr/>

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

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Wheeling Township, Belmont County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Cumberland Trail Fire District, and the Flushing, Maynard, Lafferty, New Athens and Harrisville Volunteer Fire Departments to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 7 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. 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:

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.

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

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Federal Emergency Management Agency (FEMA) New Building Fund - This fund receives Federal and State Emergency Management Agency grants for the construction of a new Township building.

3. Capital Project Funds

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

Truck and Building Fund - This fund received bond anticipation note debt proceeds for the purchase of a new truck and the construction of a new Township building.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

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

E. 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.

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. 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

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

	2008	2007
Demand deposits	\$134,711	\$66,127

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

3. Budgetary Activity

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,623	\$108,603	\$22,980
Special Revenue	358,786	455,230	96,444
Capital Projects	200,000	200,000	0
Total	\$644,409	\$763,833	\$119,424

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$112,458	\$103,316	\$9,142
Special Revenue	365,686	398,112	(32,426)
Capital Projects	200,000	193,821	6,179
Total	\$678,144	\$695,249	(\$17,105)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$82,357	\$100,199	\$17,842
Special Revenue	206,037	238,955	32,918
Total	\$288,394	\$339,154	\$50,760

**WHEELING TOWNSHIP
BELMONT 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	\$137,689	\$129,751	\$7,938
Special Revenue	263,560	257,575	5,985
Total	\$401,249	\$387,326	\$13,923

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

4. Property Tax

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

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. Debt

Debt outstanding at December 31, 2008, was as follows:

	Principal	Interest Rate
Bond Anticipation Notes	\$200,000	3.50%
Promissory Note	19,268	5.00%
Total	\$219,268	

In 2008, the Township issued bond anticipation notes to finance the purchase of a new truck and the construction of a new Township building. The notes were issued at a percentage rate of 3.50% and are due on May 21, 2009. The Township has pledged these assets as security for these notes.

In 2008, the Township issued a promissory note to finance the paving of various Township roads. The note was issued at a percentage rate of 5.00% and is due on March 31, 2009. The Township's taxing authority collateralized the note.

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

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

5. Debt (Continued)

Year ending December 31:	Bond Anticipation Notes	Promissory Note
2009	\$206,981	\$19,697

6. Retirement System

The Township's employees and officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which includes 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.

7. Risk Management

Risk Pool Membership

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

The Township is insured 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).

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

7. Risk Management (Continued)

Risk Pool Membership (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 \$4,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

7. Risk Management (Continued)

Risk Pool Membership (Continued)

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

<u>Contributions to OTARMA</u>	
2006	\$4,840
2007	\$3,968
2008	\$3,691

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

8. Contingent Liabilities

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

9. Subsequent Events

On March 16, 2009, the Board of Trustees approved Resolution 3-16-09 for the first renewal of the \$200,000 2008 year bond anticipation notes. The 2009 renewal was issued for \$195,000 at a percentage rate of 2.75%. The notes are dated May 21, 2009 with maturity date of May 20, 2010.

On June 9, 2009, the Board of Trustees approved a motion to acquire a new promissory note to make final payment to the contractor on the new Township building project. The note was issued for \$16,000 at a percentage rate of 4.25%. The note is dated June 23, 2009 with a maturity date of September 30, 2009.

This page intentionally left blank.



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*

Wheeling Township
Belmont County
P. O. Box 6
Fairpoint, Ohio 43927

To the Board of Trustees:

We have audited the financial statements of Wheeling Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 8, 2009, wherein we noted the Township followed 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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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

We consider findings 2008-004, 2008-005, 2008-007, 2008-008 and 2008-009 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described are material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated September 8, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-001 through 2008-007.

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 September 8, 2009.

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



Mary Taylor, CPA
Auditor of State

September 8, 2009

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

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

FINDING NUMBER 2008-001

Finding Repaid Under Audit

Ohio Rev. Code Section 505.24(A)(4) provides that in a township having a budget of more than \$250,000 but not more than \$500,000, the compensation of the Township Trustee shall be \$41.29 per day for not more than two hundred days.

At the beginning of 2007, the Township's Certificate of Estimated Resources as approved by the County Budget Commission was \$355,240. The Township's Certificate of Estimated Resources was amended twice during 2007; however, the total did not exceed \$500,000, which entitled the Trustees to be paid at a rate of \$41.29 per day or a maximum annual salary amount of \$8,258. William Androsko, Township Trustee, was paid \$8,862 in 2007.

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 William Androsko, in the amount of \$604, and in favor of the Wheeling Township General Fund, in the amount of \$604. Trustee William Androsko's payroll check numbers 13374 and 13415 dated July 31 and August 31, 2009, respectively, documented the \$604 being withheld from his monthly salary checks.

FINDING NUMBER 2008-002

Finding Repaid Under Audit

Ohio Rev. Code Section 505.24(A)(4) provides that in a township having a budget of more than \$250,000 but not more than \$500,000, the compensation of the Township Trustee shall be \$41.29 per day for not more than two hundred days.

At the beginning of 2007, the Township's Certificate of Estimated Resources as approved by the County Budget Commission was \$355,240. The Township's Certificate of Estimated Resources was amended twice during 2007; however, the total did not exceed \$500,000, which entitled the Trustees to be paid at a rate of \$41.29 per day or a maximum annual salary amount of \$8,258. Paul Elerick, Township Trustee, was paid \$8,862 in 2007.

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 Paul Elerick, in the amount of \$604, and in favor of the Wheeling Township General Fund, in the amount of \$604.

On June 15, 2009, Paul Elerick paid \$604 by check to the Township as repayment. This amount was deposited into the Township's bank account on July 16, 2009 and recorded on the Township's financial records through standard receipt number 45-2009.

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

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

FINDING NUMBER 2008-003

Finding Repaid Under Audit

Ohio Rev. Code Section 505.24(A)(4) provides that in a township having a budget of more than \$250,000 but not more than \$500,000, the compensation of the Township Trustee shall be \$41.29 per day for not more than two hundred days.

At the beginning of 2007, the Township's Certificate of Estimated Resources as approved by the County Budget Commission was \$355,240. The Township's Certificate of Estimated Resources was amended twice during 2007; however, the total did not exceed \$500,000, which entitled the Trustees to be paid at a rate of \$41.29 per day or a maximum annual salary amount of \$8,258. Stanley Pempek, Township Trustee, was paid \$8,862 in 2007.

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 Stanley Pempek, in the amount of \$604, and in favor of the Wheeling Township General Fund, in the amount of \$604. Trustee Stanley Pempek's payroll check numbers 13377 and 13418 dated July 31 and August 31, 2009, respectively, documented the \$604 being withheld from his monthly salary checks.

FINDING NUMBER 2008-004

Noncompliance and Significant Deficiency

Ohio Rev. Code Section 505.24(C) sets forth the method by which township trustees' compensation should be allocated. This Section is amplified by Ohio Attorney General (OAG) Opinion No. 2004-036. This Section requires compensation of a township trustee must be paid from the Township General Fund or from such other township funds, in such proportions as the Board may specify by resolution. In addition, trustees are to establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service(s) performed, in a manner similar to trustees paid per diem compensation. The requirements of Ohio Rev. Code Section 505.24(C) were noted in the Wheeling Township Management Letter for the years ended December 31, 2006 and 2005, which was released on January 29, 2008.

Ohio Rev. Code Section 507.09 sets forth a township fiscal officer's compensation.

Ohio Rev. Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established.

As the Township fiscal officer's duties are administrative in nature, the Township fiscal officer's salary and benefits should therefore be paid from the Township's General Fund. Also, Township trustees' salary and benefits should be paid out of the Township's General Fund, unless otherwise documented to charge a different fund.

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

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

**FINDING NUMBER 2008-004
(Continued)**

Noncompliance and Significant Deficiency – Ohio Rev. Code Section 505.24(C) (Continued)

During 2008, the Township paid \$4,659 of the Fiscal Officer's and one Township Trustee's health insurance benefits from the Road and Bridge Fund that should have been paid from the General Fund.

This adjustment, with which management agrees, has been posted to the Township's accounting records and is reflected in the accompanying financial statements.

We recommend the Township pay all of the Fiscal Officer's future salary and benefits from the General Fund. We also recommend the Township adopt formal administrative procedures regarding documenting the time spent by Township Trustee's on various duties. Once these administrative procedures are established, related benefits should be charged to the applicable funds in accordance with the timesheets or other similar method of record keeping.

FINDING NUMBER 2008-005

Noncompliance and Significant Deficiency

Ohio Rev. Code Section 5705.10(A) states that all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund.

Ohio Rev. Code Section 5705.10(C) states that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

During 2008, posting errors included state homestead and rollback revenue in the amount of \$12,487 posted in total to the General Fund that should have been allocated to the General, Road and Bridge, and Fire District Funds in the amounts of \$2,962, \$7,069 and \$2,456, respectively. During 2007, posting errors again included state homestead and rollback revenue in the amount of \$9,632 posted in total to the General Fund that should have been allocated to the General, Road and Bridge, and Fire Levy Funds in the amounts of \$1,609, \$6,124 and \$1,899, respectively.

Also, during 2007, \$1,104 in utility deregulation monies was posted to the Motor Vehicle License Tax Fund as miscellaneous revenue instead of intergovernmental revenue in the Road and Bridge Fund.

These adjustments, with which management agrees, have been posted to the Township's accounting records and are reflected within the accompanying financial statements.

We recommend the Fiscal Officer post homestead and rollback tax, including the deregulation monies, in accordance with the semi-annual apportionment of taxes forms received from the County Auditor.

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

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

FINDING NUMBER 2008-006

Noncompliance Citation

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

As of December 31, 2008, the following funds reflected expenditures which exceeded appropriations at the legal level of control:

Fund – Function - Object	Appropriations	Expenditures	Variance
General			
General Government			
Insurance and Bonding	\$18,175	\$22,834	(\$4,659)
Road and Bridge			
Public Works			
Other	85,214	114,691	(29,477)
County CDBG			
Public Works			
Other	0	35,000	(35,000)

As of December 31, 2007, the following fund reflected expenditures which exceeded appropriations at the legal level of control:

Fund – Function - Object	Appropriations	Expenditures	Variance
General			
General Government			
Tax Collection Fees	\$700	\$5,374	(\$4,674)

The Township's failure to limit expenditures to the amounts appropriated could result in deficit spending.

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

FINDING NUMBER 2008-007

Noncompliance and Significant Deficiency

The Auditor of State provided, through Auditor of State Bulletins 2000-008 and 2002-004, the recommended accounting treatment for on behalf of grants and loans.

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

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

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

Noncompliance and Significant Deficiency – Ohio Rev. Code Section 5705.42 (Continued)

Ohio Rev. Code Section 5705.42 states that when the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid the cost of any program, activity, or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of Section 5705.41 of the Revised Code.

Ohio Rev. Code Section 5705.36(A)(3) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official amended certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting such excess.

During 2008, the Township did not record Belmont County Engineer Issue II grant transactions on the accounting records or financial statements in the amount of \$41,606. In addition, the Township did not record Belmont County Commissioners Community Development Block Grant transactions on the accounting records or financial statements in the amount of \$35,000 during 2008.

The Fiscal Officer did not record the subsequent expenditure of these monies on the accounting records or financial statements, nor did the Fiscal Officer amend estimated revenues for these on behalf of monies received in 2008. The Fiscal Officer did not record the amount deemed appropriated in the accounting system.

Adjustments with which the Township officials' agree are reflected within the accompanying financial statements.

We recommend the Township refer to Auditor of State Bulletins 2000-008 and 2002-004 and follow the recommended accounting treatment for all Issue II and Community Development Block Grant funding expended directly to contractors on behalf of the Township. We further recommend the Township follow the budgetary scheme of Chapter 5705 of the Revised Code and monitor appropriations, amending them as appropriate to record these funds.

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

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

FINDING NUMBER 2008-008

Significant Deficiency

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook (revised April 2009) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

During 2008 and 2007, the Township's receipts and disbursements were not always posted into accurate receipt and expenditure classifications, based upon the source of the receipt or purpose of disbursement. The following misclassifications were noted:

- In 2008 and 2007, FEMA Fund expenditures in the amount of \$127,150 and \$62,897, respectively, were classified as "General Government" instead of "Public Works" disbursements. Also in 2007, FEMA Fund expenditures in the amount of \$13,591 were classified as "Transfers-Out" instead of "Public Works" disbursements.
- In 2008 and 2007, public utility deregulation reimbursement revenues distributed to several funds in the aggregate amount of \$11,970 and \$11,526, respectively, were classified as "Property Taxes" instead of "Intergovernmental" receipts.
- In 2008, \$19,268 in debt issued was classified as "Miscellaneous" receipts instead of "Sale of Notes" in the Road and Bridge Fund.
- In 2008, within the General Fund, liquor permit fees, estate tax, cigarette tax, and a state share FEMA grant, in the amounts of \$2,775, \$7,985, \$199, and \$1,649, respectively, were classified as "Miscellaneous" receipts instead of "Intergovernmental".
- In 2007, the February real estate property tax settlement was posted at the net amount instead of the gross amount. This resulted in increasing property tax receipts and the corresponding disbursement within the General, Road and Bridge, and the Fire District Funds' by \$4,806, \$571, and \$183, respectively.

These items resulted in significant adjustments to the accompanying financial statements.

We recommend the Township utilize available authoritative resources to appropriately classify receipt and disbursement transactions. We also recommend the Fiscal Officer post the real estate tax settlements at the gross amount so as receipts and disbursements are not understated.

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

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

FINDING NUMBER 2008-009

Significant Deficiency

The Township should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts.

The Fiscal Officer did not post budgeted receipts, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system throughout the year. The following table details these variances:

2008				
<u>Fund</u>		<u>Amount per Last Amended Certificate</u>	<u>Amount Posted to Accounting System</u>	<u>Variance</u>
General		\$85,623	\$83,475	(\$2,148)
Gasoline Tax		86,438	83,000	(3,438)
Road and Bridge		66,768	47,000	(19,768)
FEMA New Building		171,868	0	(171,768)
2007				
General		\$82,357	\$81,957	(\$400)
Road and Bridge		45,000	43,900	(1,100)
FEMA New Building		47,451	0	(47,451)

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

We recommend the Fiscal Officer record only estimated receipts from the Certificate of Estimated Resources and any amendments thereto. The Fiscal Officer should periodically present budget vs. actual results to the Township Trustees. As part of their monitoring responsibilities, the Board of Trustees should review this information and should inquire of the Fiscal Officer if they note apparent errors in the budget or actual data, and should also use this information to determine if they should amend estimated revenue or appropriations.

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

**WHEELING TOWNSHIP
BELMONT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2006-001	Ohio Rev. Code Section 505.24(A)(4) and (A)(5), overpayment of \$292 Trustee salary, finding repaid under audit.	No	Not Corrected; Repeated as Finding No. 2008-002.
2006-002	Ohio Rev. Code Section 505.24(A)(4) and (A)(5), overpayment of \$292 Trustee salary, finding repaid under audit.	No	Not Corrected; Repeated as Finding No. 2008-001.
2006-003	Ohio Rev. Code Section 505.24(A)(4) and (A)(5), overpayment of \$292 Trustee salary, finding repaid under audit.	No	Not Corrected; Repeated as Finding No. 2008-003.
2006-004	Ohio Rev. Code Section 5705.10(C) and Ohio Admin. Code Section 117-2-02(A), not recording receipts into the proper account classifications and/or funds.	No	Not Corrected; Repeated as Finding No. 2008-005 and 2008-008.
2006-005	Ohio Rev. Code Section 5705.10, improper inter-fund advances.	Yes	Finding No Longer Valid.
2006-006	Ohio Rev. Code Section 5705.40 and Ohio Admin. Code Section 117-2-01(C), improper posting of budgeted receipts and appropriations within the accounting system.	No	Partially Corrected; Repeated as Finding No. 2008-009.
2006-007	Ohio Rev. Code Section 5705.41(B), expenditures exceeding appropriations at the legal level of control.	No	Not Corrected; Repeated as Finding No. 2008-006.
2006-008	Ohio Rev. Code Section 5705.41(D), no prior certification of availability of funds prior to incurring obligations.	No	Partially Corrected; Repeated within the Management Letter.



Mary Taylor, CPA
Auditor of State

WHEELING TOWNSHIP

BELMONT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 8, 2009**