

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2008 – DECEMBER 31, 2009**

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





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Millwood Township  
P.O. Box 176  
Quaker City, Ohio 43773

We have reviewed the *Independent Auditors' Report* of Millwood Township, Guernsey County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2008 through December 31, 2009. 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. Millwood Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 10, 2010

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**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY**

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

**INDEPENDENT AUDITORS' REPORT**

Millwood Township  
Guernsey County  
P.O. Box 176  
Quaker City, Ohio 43773

We have audited the accompanying financial statements of Millwood Township, Guernsey County as of and for the years ended December 31, 2009 and 2008. 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.

Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 and 2008. 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 for the years ending December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Millwood Township as of December 31, 2009 and 2008, 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 Millwood Township, Guernsey County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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 23, 2010, on our consideration of Millwood 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 23, 2010

MILLWOOD TOWNSHIP  
GUERNSEY COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 22,399	\$ 21,544	\$ -	\$ -	\$ 43,943
Intergovernmental	16,421	76,108	21,617	4,002	118,148
Earnings on Investments	174	215	-	-	389
Miscellaneous	296	4,063	-	-	4,359
<b>Total Cash Receipts</b>	<u>39,290</u>	<u>101,930</u>	<u>21,617</u>	<u>4,002</u>	<u>166,839</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	23,130	626	-	-	23,756
Public Safety	3,700	-	-	-	3,700
Public Works	763	81,163	-	-	81,926
Health	286	-	-	-	286
Debt Service:					
Redemption of Principal	-	25,512	20,507	-	46,019
Interest and Other Fiscal Charges	-	-	3,182	-	3,182
<b>Total Cash Disbursements</b>	<u>27,879</u>	<u>107,301</u>	<u>23,689</u>	<u>-</u>	<u>158,869</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	11,411	(5,371)	(2,072)	4,002	7,970
<b>Fund Cash Balances, January 1</b>	<u>55,749</u>	<u>153,582</u>	<u>3,291</u>	<u>30,618</u>	<u>243,240</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 67,160</u>	<u>\$ 148,211</u>	<u>\$ 1,219</u>	<u>\$ 34,620</u>	<u>\$ 251,210</u>

See notes to financial statements.



MILLWOOD TOWNSHIP  
GUERNSEY 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>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 24,987	\$ 15,457	\$ -	\$ -	\$ 40,444
Intergovernmental	13,708	97,683	19,821	4,002	135,214
Earnings on Investments	225	289	-	-	514
Miscellaneous	14,678	6,852	-	-	21,530
<b>Total Cash Receipts</b>	<u>53,598</u>	<u>120,281</u>	<u>19,821</u>	<u>4,002</u>	<u>197,702</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	25,971	10,832	-	-	36,803
Public Safety	3,700	-	-	-	3,700
Public Works	1,340	96,865	-	-	98,205
Health	521	165	-	-	686
Capital Outlay	500	64,115	-	-	64,615
Debt Service:					
Redemption of Principal	-	-	13,678	-	13,678
Interest and Other Fiscal Charges	-	-	2,852	-	2,852
<b>Total Cash Disbursements</b>	<u>32,032</u>	<u>171,977</u>	<u>16,530</u>	<u>-</u>	<u>220,539</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	21,566	(51,696)	3,291	4,002	(22,837)
<b>Other Financing Receipts:</b>					
Sale of Notes	-	64,115	-	-	64,115
<b>Total Other Financing Sources</b>	<u>-</u>	<u>64,115</u>	<u>-</u>	<u>-</u>	<u>64,115</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	21,566	12,419	3,291	4,002	41,278
<b>Fund Cash Balances, January 1, restated</b>	<u>34,183</u>	<u>141,163</u>	<u>-</u>	<u>26,616</u>	<u>201,962</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 55,749</u>	<u>\$ 153,582</u>	<u>\$ 3,291</u>	<u>\$ 30,618</u>	<u>\$ 243,240</u>

See notes to financial statements.

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Township of Millwood, 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 and fire protection. The Township contracts with the Village of Quaker City to provide fire protection and ambulance services.

The Township participates in the Ohio Government Risk Management Plan public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Township belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management plan. Member governments pay annual premiums to fund the Plan. The Plan pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible

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 funds are maintained in an interest-bearing checking account.

**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:

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Fund Accounting (Continued)**

**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 Fund:

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

**Debt Service Fund**

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

**General Note Retirement Fund** – This fund receives monies to retire the debt on the road equipment.

**Capital Projects 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 project Fund:

**Issue II Fund** – This fund records Issue II activity passed through the County Engineer’s office for road projects.

**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, 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. Unencumbered appropriations lapse at year-end.

**MILLWOOD 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 carried over, and need not be reappropriated in the subsequent year.

A Summary of 2009 and 2008 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting

**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>2009</u>	<u>2008</u>
Demand Deposits	<u>\$ 251,210</u>	<u>\$ 243,240</u>

**Deposits:**

Deposits are either 1) insured by the Federal Depository Insurance Corporation or 2) collateralized by the financial institution's public entity deposit pool.

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2009 and 2008 was as follows:

**2009 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 29,070	\$ 39,290	\$ 10,220
Special Revenue	99,609	101,930	2,321
Debt Service	22,814	21,617	(1,197)
Capital Projects	<u>4,002</u>	<u>4,002</u>	<u>-</u>
Total	<u>\$ 155,495</u>	<u>\$ 166,839</u>	<u>\$ 11,344</u>

**2009 Budgeted vs. Actual Budgetary Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 84,820	\$ 27,879	\$ 56,941
Special Revenue	253,191	107,301	145,890
Debt Service	26,105	23,689	2,416
Capital Projects	<u>34,620</u>	<u>-</u>	<u>34,620</u>
Total	<u>\$ 398,736</u>	<u>\$ 158,869</u>	<u>\$ 239,867</u>

**2008 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 38,717	\$ 53,598	\$ 14,881
Special Revenue	178,997	184,396	5,399
Debt Service	17,727	19,821	2,094
Capital Projects	<u>4,002</u>	<u>4,002</u>	<u>-</u>
Total	<u>\$ 239,443</u>	<u>\$ 261,817</u>	<u>\$ 22,374</u>

**2008 Budgeted vs. Actual Budgetary Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 32,330	\$ 32,032	\$ 298
Special Revenue	284,627	171,977	112,650
Debt Service	18,624	16,530	2,094
Capital Projects	<u>30,618</u>	<u>-</u>	<u>30,618</u>
Total	<u>\$ 366,199</u>	<u>\$ 220,539</u>	<u>\$ 145,660</u>

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. BUDGETARY ACTIVITY (CONTINUED)**

Contrary to ORC Section 5705.36, in 2009 and 2008, the Township had funds in which appropriations were greater than unencumbered balance plus actual receipts which should have resulted in getting a new certificate of estimated resources.

Contrary to ORC Section 5705.39, in 2008 the Township had one fund that was appropriated more than estimated resources.

Contrary to Ohio Revised Code Section 5705.41(D), in 2008 the Township had fiscal certificates that were dated after invoices.

**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 2009 and 2008, members of PERS contributed 10.0% of their gross salaries, respectively. The Township contributed an amount equal to 14.0% of participants' gross salaries, respectively. The Township has paid all contributions required through December 31, 2009.

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**6. RISK MANAGEMENT**

The Township belongs to the Ohio Government Risk Management Plan (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Township participates in this coverage.

In August 2007, OGRMP formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2009. The Township does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the last three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2008 and 2009 include amounts for both OPRM and OPHC:

	2008	2009
Casualty Coverage		
Assets	\$ 10,471,114	\$ 11,176,186
Liabilities	(5,286,781)	(4,852,485)
Members’ Equity	\$ 5,184,333	\$ 6,323,701

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest rate
Promissory Note – Dump Truck	\$ 30,000	4.35%
Total	\$ 30,000	

A promissory note was issued in the amount of \$64,115 in 2008 for the purchase of a dump truck to be used for maintenance of Township roads. The note was refinanced in 2009 in the amount of \$30,000. This note is collateralized by the equipment. Payments are made annually.

The promissory note issued to purchase a new truck was paid off in 2009.

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

Year Ended December 31	Backhoe
2010	\$ 6,759
2011	6,759
2012	6,759
2013	6,760
2014	6,760
Total	\$ 33,797

**8. RESTATEMENT OF FUND BALANCES**

For the year ended December 31, 2007, an adjustment resulted in fund balance restatements.

	Fund Balances at December 31, 2007	Restatement Amount	Fund Balances at January 1, 2008
Governmental Funds:			
Special Revenue	\$ 167,779	\$ (26,616)	\$ 141,163
Capital Projects	-	26,616	26,616
	\$ 167,779	\$ -	\$ 167,779

The change in the fund balances for the above funds were the result of the Public Works Commission Fund being included as a Special Revenue Fund at December 31, 2007. The Public Works Commission Fund should be classified as a Capital Projects Fund.



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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Millwood Township  
Guernsey County  
P.O. Box 176  
Quaker City, Ohio 43773

We have audited the financial statements of Millwood Township as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 23, 2010, 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 Millwood Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected. We consider Findings 2009-01 and 2009-02 described in the accompanying schedule of findings to be material weaknesses.

We noted certain matters that we have reported to management in a separate letter dated August 23, 2010.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Millwood Township's 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 or other matters that are required to be reported under *Government Auditing Standard*. We noted certain immaterial instances of noncompliance that we have reported to the management of Millwood Township in a separate letter dated August 23, 2010.

Millwood Township's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Millwood Township response and, accordingly, we express no opinion on it.

This report is intended for the information of the Township's management, fiscal officer, and 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 23, 2010

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING 2009-01**

**Material Weakness**

**Posting Receipts/Expenditures**

During 2009 and 2008, several receipts and expenditures were misclassified such as, intergovernmental receipts as other revenue and debt payments were not divided between principal and interest. Due to lack of timely deposits, the monthly reconciliations were not performed detailing an outstanding deposit list.

We recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

**Client Response:** We did not receive a response from Officials to this finding.

**FINDING 2009-02**

**Material Weakness**

**Fund Classification**

The Township recorded the Public Works Commission Fund as a Special Revenue Fund for the year ended December 31, 2007, which was incorrect. Therefore, as of January 1, 2008, fund balances were restated to show this fund as a Capital Projects Fund.

We recommend that in the future the Township have controls in place to monitor the classification of funds more closely.

**Client Response:** We agree with finding and will try to improve in the future.

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2003-001	Finding for Recovery- ORC Section 505.602 - payment of insurances for officials.	Yes	Finding No Longer Valid
2003-003	Finding for Adjustment - ORC Section 505.24 - annual salary should be paid partially from General Fund.	Yes	Finding No Longer Valid
2007-01	ORC 9.38 - Timely Depositing of Receipts	Yes	Finding No Longer Valid
2007-02	ORC 507.04 (A) - Accurate Record Keeping	Yes	Finding No Longer Valid
2007-03	ORC 5705.10 - Negative Fund Balances	Yes	Finding No Longer Valid
2007-04	ORC 5705.38 - Appropriation Measure	Yes	Finding No Longer Valid
2007-05	ORC 5705.36 - Certifying Total Amount of Resources with County Auditor	Yes	Finding No Longer Valid
2007-06	ORC 5705.41(B)(1)- Expenditures exceeding Appropriations	Yes	Finding No Longer Valid
2007-07	ORC 5705.41(D) - Invoice Dates Preceding Purchase Order Dates	No	Partially Corrected - Refer to Management Letter
2007-08	Voided Warrants	Yes	Finding No Longer Valid

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2009**

2007-09	Cash Reconciliations	Yes	Finding No Longer Valid
2007-10	Posting Receipts/ Expenditures	No	Not Corrected: Finding will be repeated as Finding Number 2009-01
2007-11	Posting Estimated Revenues and Appropriations	Yes	Finding No Longer Valid
2007-12	ORC 5747.07 (E) - Late Payments	Yes	Finding No Longer Valid
2007-13	Bonding	Yes	Finding No Longer Valid

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**Mary Taylor, CPA**  
Auditor of State

**MILLWOOD 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  
NOVEMBER 23, 2010**