



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Wilkesville Township  
Vinton County  
73231 State Route 124  
Radcliff, Ohio 45695

To the Board of Trustees:

We have audited the accompanying financial statements of Wilkesville Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. 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 discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Wilkesville Township, Vinton County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2002 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 grants. 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.

Wilkesville Township  
Vinton County  
Report of Independent Accountants  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

May 23, 2002

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$3,502	\$38,755	\$0	\$42,257
Intergovernmental	18,074	66,255		84,329
Earnings on Investments	787	115	206	1,108
Other Revenue	464	20,442		20,906
Total Cash Receipts	<u>22,827</u>	<u>125,567</u>	<u>206</u>	<u>148,600</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	10,681	7,685		18,366
Public Works	3,312	95,680		98,992
Health	435			435
Conservation - Recreation		244		244
Miscellaneous			140	140
Capital Outlay	12,000	35,513		47,513
Total Cash Disbursements	<u>26,428</u>	<u>139,122</u>	<u>140</u>	<u>165,690</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(3,601)</u>	<u>(13,555)</u>	<u>66</u>	<u>(17,090)</u>
Fund Cash Balances, January 1	<u>5,712</u>	<u>44,001</u>	<u>3,329</u>	<u>53,042</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$2,111</u></u></b>	<b><u><u>\$30,446</u></u></b>	<b><u><u>\$3,395</u></u></b>	<b><u><u>\$35,952</u></u></b>

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

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$3,393	\$39,504	\$0	\$42,897
Intergovernmental	9,347	77,735		87,082
Earnings on Investments	795	265	167	1,227
Other Revenue	6	9,775		9,781
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	13,541	127,279	167	140,987
<b>Cash Disbursements:</b>				
Current:				
General Government	14,757			14,757
Public Safety		7,987		7,987
Public Works		98,516		98,516
Health	463	733		1,196
Miscellaneous		3,528	55	3,583
Capital Outlay		24,467		24,467
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	15,220	135,231	55	150,506
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(1,679)	(7,952)	112	(9,519)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	7,391	51,953	3,217	62,561
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>\$5,712</b>	<b>\$44,001</b>	<b>\$3,329</b>	<b>\$53,042</b>

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

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Wilkesville Township, Vinton County, (the Township) is a body corporate and politic 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 Clerk. The Township provides general governmental services, including road and bridge maintenance (public works), cemetery maintenance (health), and fire protection (public safety). The Township provides fire and emergency services for its residents with mutual aid from surrounding townships.

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 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 budgetary 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**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue (Continued)**

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

*Fire District Fund* – This fund receives fire levy tax money to pay for maintaining fire and emergency protection to the Township.

**3. Fiduciary Funds (Trust and Agency Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Non-expendable Trust Fund.

The Township had one cemetery bequest fund classified as a Nonexpendable Trust Fund. This fund received interest earned on the principal invested in savings accounts.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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 reappropriated in the subsequent year.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on 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 and investments. The carrying amount of cash at December 31 was as follows:

	2001	2000
Demand deposits	\$32,752	\$49,842
Certificates of deposit	3,200	3,200
Total deposits	35,952	53,042

Deposits are insured by the Federal Deposit Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 was as follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$12,084	\$22,827	\$10,743
Special Revenue	106,242	125,567	19,325
Non-expendable Trust	170	206	36
Total	\$118,496	\$148,600	\$30,104

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$27,797	\$26,428	\$1,369
Special Revenue	174,244	139,122	35,122
Non-expendable Trust	128	140	(12)
Total	\$202,169	\$165,690	\$36,479

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$11,644	\$13,541	\$1,897
Special Revenue	119,562	127,279	7,717
Non-expendable Trust	186	167	(19)
Total	\$131,392	\$140,987	\$9,595

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$19,036	\$15,220	\$3,816
Special Revenue	171,516	135,231	36,285
Fiduciary	203	55	148
Total	\$190,755	\$150,506	\$40,249

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding 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 payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1, 2000 through June 30, 2000 and for 2001. For the period July 1, 2000 through December 31, 2000 PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Township has paid all contributions required through December 31, 2001.

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RISK MANAGEMENT**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgements, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsure specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, the Travelers Indemnity Company provides coverage in excess of \$10,000.

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.

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:

<u>Casual Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Wilkesville Township  
Vinton County  
73231 State Route 124  
Radcliff, Ohio 45695

To the Board of Trustees:

We have audited the accompanying financial statements of Wilkesville Township, Vinton County, (the Township) as of and for the years ended December 31, 2001 and 2000 and have issued our report thereon dated May 23, 2002. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2001-40782-001, 2001-40782-002 and 2001-40782-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 23, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 23, 2002.

Wilkesville Township  
Vinton County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

May 23, 2002

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-40782-001**

**Finding for Recovery**

Ohio Rev. Code Section 507.09 states that a Township Clerk shall be entitled to annual compensation of \$7,000 (for terms of office beginning prior to May 8, 1996) when the Township's budget is between \$100,001 and \$250,000. Phyllis Mulholand, Clerk of Wilkesville Township, Vinton County was elected Township Clerk for the term April 1, 1996 through March 31, 2000. The Township Clerk would not be eligible for the increase that was effective May 8, 1996 until she starts a new term. Based on an annual salary of \$7,000, she should have been paid \$1,750 for the three months ended March 31, 2000. For three months of calendar year 2000, Mrs. Mulholand was paid \$2,042.25, which corresponds to a budget between \$100,001 and \$250,000 (\$8,169 annually) for Township Clerks elected or appointed after May 8, 1996. Therefore, Mrs. Mulholand was overpaid by \$292.25 for the first three months of 2000. A recap of the overpayment is as follows:

Salary paid - January through March 2000	\$2,042.25
Salary authorized - January through March 2000	\$1,750.00
Overpayment - January through March 2000	\$ 292.25

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Phyllis Mulholand, Township Clerk, and her surety company, Personal Service Insurance Company, jointly and severally, and in favor of Wilkesville Township, Vinton County, in the amount of two hundred ninety-two dollars and twenty-five cents.

**FINDING NUMBER 2001-40782-002**

**Noncompliance Citation**

Ohio Rev. Code Section 505.24 states by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Any change in the method of compensation shall be effective on the first day of January of the year following the year during which the board has voted to change the method of compensation.

The Board of Trustees salaries were paid entirely from the Gasoline Tax and Road and Bridge Funds during 2000 and 2001. During that period, the Board of Trustees did not pass any resolution specifying how the Board of Trustee salaries would be allocated.

A retroactive resolution was passed on March 31, 2002, authorizing one month of each Board of Trustee's salary be paid from the General Fund and the other eleven months be paid from the Gasoline Tax Fund. Adjustments have been made to the financial statements and fund balance adjustments have been made to the client's records to reflect this resolution.

We recommend the Township annually pass a resolution specifying a percentage that each fund would be charged for Board of Trustee's pay.

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**FINDING NUMBER 2001-40782-003**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.39 prohibits a subdivision from making appropriations from any fund in excess of the amount of available resources for that fund as certified by the Budget Commission.

The following funds had appropriations which exceeded estimated resources during 2001:

Fund	Estimated Resources	Appropriations	Variance
General Fund	\$17,797	\$27,797	(\$10,000)
Special Revenue Funds:			
Road and Bridge	\$36,454	\$40,454	(\$4,000)
Fire District	\$34,110	\$54,110	(\$20,000)

We recommend the Township monitor the amended certificates of estimated resources and appropriation resolutions. When amending the appropriation resolution, the estimated resources should be reviewed to ensure the amended appropriation measure does not exceed the estimated resources for the applicable fund.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**WILKESVILLE TOWNSHIP**

**VINTON 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  
JULY 11, 2002**