

Wilkesville Township

Vinton County

Regular Audit

January 1, 2004 Through December 31, 2005

Fiscal Years Audited Under GAGAS: 2005 & 2004

**BALESTRA, HARR & SCHERER, CPAs, INC.**  
528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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Telephone (740) 289-4131  
Fax (740) 289-4131, [www.bhscpas.com](http://www.bhscpas.com)





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Wilkesville Township  
P.O. Box 54  
Wilkesville, Ohio 45695

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

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's 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 Auditor's 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. Wilkesville Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

August 25, 2006

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**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

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Piketon, Ohio 45661

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Fax (740) 289-3639  
www.bhscpas.com

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Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 2, the government has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards require 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 Township's to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004, or its changes in financial position of 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 Wilkesville Township, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 2.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion & Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion & 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 June 5, 2006 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine 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*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.

June 5, 2006

WILKESVILLE TOWNSHIP  
VINTION COUNTY

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 97,301	\$ 72,870	\$ 170,171
Intergovernmental	9,163	103,890	113,053
Earnings on Investments	809	88	897
Other Revenue	18,793	2,919	21,712
<b>Total Cash Receipts</b>	<b>126,066</b>	<b>179,767</b>	<b>305,833</b>
<b>Cash Disbursements:</b>			
Current:			
General Government	60,684		60,684
Public Safety		22,193	22,193
Public Works		140,992	140,992
Health	513	84	597
Capital Outlay	146,177	9,817	155,994
<b>Total Cash Disbursements</b>	<b>207,374</b>	<b>173,086</b>	<b>380,460</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(81,308)</b>	<b>6,681</b>	<b>(74,627)</b>
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	9,050		9,050
Insurance Proceeds	38,645		38,645
Proceeds of Notes	40,133	-	40,133
<b>Total Other Financing Sources (Uses)</b>	<b>87,828</b>	<b>-</b>	<b>87,828</b>
<b>Excess of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Uses</b>	<b>6,520</b>	<b>6,681</b>	<b>13,201</b>
Fund Cash Balances, January 1	54,055	92,124	146,179
<b>Fund Cash Balances, December 31</b>	<b>\$ 60,575</b>	<b>\$ 98,805</b>	<b>\$ 159,380</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 SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31,2004

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 88,838	\$ 66,340	\$ 155,178
Intergovernmental	8,447	110,993	119,440
Earnings on Investments	565	62	627
Other Revenue	5,835	4,221	10,056
	<u>103,685</u>	<u>181,616</u>	<u>285,301</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	42,507		42,507
Public Safety		31,026	31,026
Public Works		116,057	116,057
Health	522	140	662
Capital Outlay	38,545	10,660	49,205
	<u>81,574</u>	<u>157,883</u>	<u>239,457</u>
Total Cash Disbursements			
	<u>81,574</u>	<u>157,883</u>	<u>239,457</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>22,111</u>	<u>23,733</u>	<u>45,844</u>
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	13,176	-	13,176
	<u>13,176</u>	<u>-</u>	<u>13,176</u>
Total Other Financing Sources (Uses)	13,176	-	13,176
	<u>13,176</u>	<u>-</u>	<u>13,176</u>
<b>Excess of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Uses</b>	35,287	23,733	59,020
	<u>35,287</u>	<u>23,733</u>	<u>59,020</u>
Fund Cash Balances, January 1	18,768	68,391	87,159
	<u>18,768</u>	<u>68,391</u>	<u>87,159</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 54,055</u>	<u>\$ 92,124</u>	<u>\$ 146,179</u>

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

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**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. The Township provides road and bridge maintenance (public works), cemetery maintenance (health), and fire protection (public safety).

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 Deposits 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:

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

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

*Fire Fund* - This fund receives property tax money for providing emergency services for Township residents.

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue (Continued)**

*Cemetery Bequest Fund* - This fund received bequests. The Township receives the interest from these bequests to pay for cemetery maintenance.

**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 Township 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. The Township did not encumber all commitments as required by Ohio law.

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

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

	<u>2005</u>	<u>2004</u>
Demand deposits	\$156,180	\$142,979
Certificates of deposit	3,200	3,200
Total deposits	<u>\$159,380</u>	<u>\$146,179</u>

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 153,431	\$ 126,066	\$ (27,365)
Special Revenue	223,839	179,767	(44,072)
Total	<u>\$ 377,270</u>	<u>\$ 305,833</u>	<u>\$ (71,437)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 165,256	\$ 207,374	\$ (42,118)
Special Revenue	235,999	173,086	62,913
Total	<u>\$ 401,255</u>	<u>\$ 380,460</u>	<u>\$ 20,795</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 97,909	\$ 103,685	\$ 5,776
Special Revenue	194,210	181,616	\$ (12,594)
Total	<u>\$ 292,119</u>	<u>\$ 285,301</u>	<u>\$ (6,818)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 97,909	\$ 81,574	\$ 16,335
Special Revenue	189,121	157,883	31,238
Total	<u>\$ 287,030</u>	<u>\$ 239,457</u>	<u>\$ 47,573</u>

Contrary to Ohio law, at December 31, 2005 and 2004, expenditures exceeded appropriations at the legal level of control (fund, function or object level).

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**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 Township 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. DEBT** Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Promissory Note	\$ 40,133	4.75%

The promissory note was obtained in 2005 to purchase a tractor to be used for Township road maintenance. The note is collateralized by the equipment purchased.

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

2006	\$	9,275
2007		9,275
2008		9,275
2009		9,275
2010		9,275
Total	\$	<u>46,375</u>

**6. 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 2005 and 2004, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**7. RISK MANAGEMENT**

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

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including loss adjustments expense. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

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

Property Coverage

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31, 2004 and 2003: Most recent information available:

**Risk Pool Membership**

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

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**8. Prior Period Restatement**

*Restatement of Fund Balances* The Fund balances at December 31, 2003 of the Governmental Funds were restated from amounts previously reported due to reclassifying the Cemetery Bequest Fund from a Fiduciary Fund to a Special Revenue Fund.

Fund Type	Audited December 31, 2003 Balance	Adjustments	Restated January 1, 2004 Beginning Balance
Special Revenue:			
Cemetery Bequest	\$0	\$3,372	\$3,372
Fiduciary	3,372	(3,372)	0
Total	\$3,372	(\$0)	\$3,372

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Piketon, Ohio 45661

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Township Trustees  
Wilkesville Township  
Vinton County  
73231 State Route 124  
Wilkesville, Ohio 45695

We have audited the financial statements of Wilkesville Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 5, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

**Compliance and Other Matters**

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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 through 2005-004.

We noted certain matters that we reported to management of the Township in a separate letter dated June 5, 2006.



Wilkesville Township  
Vinton County

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With  
*Government Auditing Standards*  
Page 2

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

June 5, 2006

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

**FINDING NUMBER 2005-001**

**Material Noncompliance/Reportable Condition – Prior Certification of Disbursements**

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision s fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 dollars (which was changed to \$3,000, effective April 7, 2003), the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

Contrary to the above requirement, the availability of funds was not certified for 58% of the disbursements tested for the audit period. This resulted from the Township not obtaining approved purchase orders prior to purchase commitment and the Township made purchases that exceeded the \$3,000 limit of a “Then and Now Certificate”. Failure to properly certify the availability of funds and encumber appropriations can result in overspending funds and negative cash fund balances.

Therefore, we recommend the Township obtain approved purchase orders, which contain the Treasurer’s certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

**FINDING NUMBER 2005-002**

**Noncompliance Citation - Appropriations exceeded Estimated Resources**

Ohio Rev. Code, Section 5705.39, states “ that total appropriations from each fund shall not exceed the total estimated revenue.”

<u>Year</u>	<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriation Authority</u>	<u>Variance</u>
2005	General	153,431	165,256	(11,825)
2005	FEMA	0	11,960	(11,960)

The Clerk may request the Board of Trustees to amend the appropriation resolution when deemed appropriate.

**WILKESVILLE TOWNSHIP  
VINTON COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

**FINDING NUMBER 2005-003**

**Noncompliance Citation - Expenditures exceeded Appropriations**

Ohio Rev. Code, Section 5705.41 (B), states “ No subdivision is to expend money unless it has been appropriated.

<u>Year</u>	<u>Fund/Expenditure</u>	<u>Appropriation Authority</u>	<u>Expenditure</u>	<u>Variance</u>
2005	General/Insurance and Health Care	30,000	39,794	(9,794)
2005	General/Materials	24,000	42,905	(18,905)
2005	General/Other	26,825	63,939	(37,114)
2005	Gasoline Tax/Salaries Trustees	21,601	21,652	(51)
2005	Gasoline Tax/Retirement Contribution	8,500	9,794	(1,294)
2005	Road and Bridge/Supplies	41,948	42,812	(894)
2004	Gasoline Tax/Salaries	26,213	33,595	(7,382)

We recommend the Township review the appropriation balances each month and approve appropriation amendments as needed, prior to expending funds in excess of existing appropriations at the legal level of control. Additionally, the Township Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Township Clerk may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**FINDING NUMBER 2005-004**

**Noncompliance Citation – Failure to obtain collateral statements**

Ohio Rev. Code, Section 135.18 requires that the Treasurer of a political subdivision must require the depository to provide as security as amount equal to the funds on deposits at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

The Township did not obtain pledged securities for depository amounts that exceeded FDIC insurance in 2004 and 2005 from its financial institution.

We recommend the Township obtain documentation that depository amounts that exceed FDIC are collateralized.

**WILKESVILLE TOWNSHIP  
VINTON COUNTY**

**SCHEDULE OF PRIOR AUDITINGS  
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-40782-003	Ohio Rev. Code Section 5705.39 – Appropriations exceeded available resources.	No	Repeated as Finding 2005-002
2003-001	Ohio Rev. Code Section 505.24 – Trustees being paid in excess of amounts prescribed by Ohio Rev. Code Section 505.24.	Yes	Repaid
2003-002	Ohio Rev. Code Section 5705.41(D)(1) – Vouchers not certified prior to obligation and no then and now” certificate obtained.	No	Repeated as Finding 2005-001
2003-003	Ohio Rev. Code Section 5705.10 – Negative Fund Balance	Yes	No Negative Fund Balances in audit period
2003-004	Ohio Rev. Code Section 5705.41(B) – Expenditures exceeding Appropriations	No	Repeated as Finding 2005-003



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
SEPTEMBER 7, 2006**