

**WHEELING 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
Wheeling Township
6152 Window Road
Kimbolton, Ohio 43749

We have reviewed the *Independent Auditors' Report* of Wheeling 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. Wheeling Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 7, 2010

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**WHEELING TOWNSHIP
GUERNSEY COUNTY**

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

INDEPENDENT AUDITORS' REPORT

Wheeling Township
Guernsey County
6152 Window Road
Kimbolton, Ohio 43749

We have audited the accompanying financial statements of Wheeling 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 Wheeling 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 Wheeling 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 April 19, 2010, on our consideration of Wheeling 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
April 19, 2010

WHEELING 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 28,284	\$ 7,574	\$ -	\$ -	\$ 35,858
Charges for Services	-	300	-	-	300
Intergovernmental	11,461	103,620	5,687	5,009	125,777
Earnings on Investments	803	373	-	-	1,176
Miscellaneous	4,615	6,101	-	2,797	13,513
Total Cash Receipts	<u>45,163</u>	<u>117,968</u>	<u>5,687</u>	<u>7,806</u>	<u>176,624</u>
Cash Disbursements:					
Current:					
General Government	51,194	-	-	-	51,194
Public Safety	-	8,143	-	-	8,143
Public Works	-	93,183	-	-	93,183
Health	1,207	-	-	-	1,207
Capital Outlay	-	44,775	-	68,075	112,850
Debt Service:					
Redemption of Principal	-	-	-	-	-
Interest and Other Fiscal Charges	-	-	-	-	-
Total Cash Disbursements	<u>52,401</u>	<u>146,101</u>	<u>-</u>	<u>68,075</u>	<u>266,577</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(7,238)	(28,133)	5,687	(60,269)	(89,953)
Other Financing Receipts:					
Transfers In	-	2,150	-	-	2,150
Transfers Out	-	(2,150)	-	-	(2,150)
Loan Proceeds	-	25,212	-	-	25,212
Total Other Financing Sources	<u>-</u>	<u>25,212</u>	<u>-</u>	<u>-</u>	<u>25,212</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,238)	(2,921)	5,687	(60,269)	(64,741)
Fund Cash Balances, January 1	<u>29,551</u>	<u>84,141</u>	<u>-</u>	<u>67,337</u>	<u>181,029</u>
Fund Cash Balances, December 31	<u>\$ 22,313</u>	<u>\$ 81,220</u>	<u>\$ 5,687</u>	<u>\$ 7,068</u>	<u>\$ 116,288</u>

See notes to financial statements.

WHEELING 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 28,149	\$ 7,597	\$ -	\$ -	\$ 35,746
Charges for Services	-	1,000	-	-	1,000
Intergovernmental	21,843	98,844	11,476	5,009	137,172
Earnings on Investments	2,039	1,185	-	-	3,224
Miscellaneous	466	11,869	10,998	76,222	99,555
Total Cash Receipts	<u>52,497</u>	<u>120,495</u>	<u>22,474</u>	<u>81,231</u>	<u>276,697</u>
Cash Disbursements:					
Current:					
General Government	45,550	-	-	-	45,550
Public Safety	-	6,696	-	-	6,696
Public Works	-	138,916	-	-	138,916
Health	1,433	-	-	-	1,433
Capital Outlay	7,000	10,553	-	13,900	31,453
Debt Service:					
Redemption of Principal	-	-	21,309	-	21,309
Interest and Other Fiscal Charges	-	-	1,165	-	1,165
Total Cash Disbursements	<u>53,983</u>	<u>156,165</u>	<u>22,474</u>	<u>13,900</u>	<u>246,522</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,486)	(35,670)	-	67,331	30,175
Fund Cash Balances, January 1	<u>31,037</u>	<u>119,811</u>	<u>-</u>	<u>6</u>	<u>150,854</u>
Fund Cash Balances, December 31	<u>\$ 29,551</u>	<u>\$ 84,141</u>	<u>\$ -</u>	<u>\$ 67,337</u>	<u>\$ 181,029</u>

See notes to financial statements.

**WHEELING TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Township of Wheeling, 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 Liberty and Newcomerstown Volunteer Fire Departments to provide fire protection services.

The Township participates in the Ohio Township Association Risk Management Authority 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 Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. 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 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:

**WHEELING 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.

**WHEELING 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>\$ 116,288</u>	<u>\$ 181,029</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.

**WHEELING 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	\$ 42,543	\$ 45,163	\$ 2,620
Special Revenue	113,571	145,330	31,759
Debt Service	5,687	5,687	-
Capital Projects	<u>7,806</u>	<u>7,806</u>	<u>-</u>
Total	<u>\$ 169,607</u>	<u>\$ 203,986</u>	<u>\$ 34,379</u>

2009 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 72,094	\$ 52,401	\$ 19,693
Special Revenue	197,712	148,251	49,461
Debt Service	5,687	-	5,687
Capital Projects	<u>75,143</u>	<u>68,075</u>	<u>7,068</u>
Total	<u>\$ 350,636</u>	<u>\$ 268,727</u>	<u>\$ 81,909</u>

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 48,208	\$ 52,497	\$ 4,289
Special Revenue	103,163	120,495	17,332
Debt Service	11,476	22,474	10,998
Capital Projects	<u>81,231</u>	<u>81,231</u>	<u>-</u>
Total	<u>\$ 244,078</u>	<u>\$ 276,697</u>	<u>\$ 32,619</u>

2008 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 79,244	\$ 53,983	\$ 25,261
Special Revenue	222,974	156,165	66,809
Debt Service	11,476	22,474	(10,998)
Capital Projects	<u>81,237</u>	<u>13,900</u>	<u>67,337</u>
Total	<u>\$ 394,931</u>	<u>\$ 246,522</u>	<u>\$ 148,409</u>

**WHEELING 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 5705.41 (B), in 2008 the Township had expenditures that exceeded appropriations in the Debt Service Fund.

Contrary to Ohio Revised Code Section 5705.41(D), in 2009 and 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.

**WHEELING TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

6. RISK MANAGEMENT

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

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administer of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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.

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, 2008 and 2007, the latest information available.

	2008	2007
Assets	\$ 40,737,740	\$ 43,210,703
Liabilities	(12,981,818)	(13,357,837)
Retained Earnings	\$ 27,755,922	\$ 29,852,866

At December 31, 2008 and 2007, respectively, liabilities noted above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 million and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, 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 \$5,778. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph.

Based on discussion 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. The Townships contributions to OTARMA for the past three years are as follows:

**WHEELING TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

6. RISK MANAGEMENT (CONTINUED)

Contributions to OTARMA	
2009	\$2,889
2008	3,530
2007	4,092

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give 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.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

7. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest rate
Backhoe Note – The Home Loan Savings Bank	\$ 25,212	3.98%
Total	\$ 25,212	

A promissory note was issued in the amount of \$25,212 in 2009 for the purchase of a backhoe to be used for maintenance of Township roads. This note is collateralized by the equipment. Payments are made annually.

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

Year Ended December 31	Backhoe
2010	\$ 5,687
2011	5,687
2012	5,687
2013	5,687
2014	5,687
Total	\$ 28,435

**WHEELING TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

8. TRANSFERS

Following is a summary of transfers in and out for all funds for 2008:

Fund	Transfer In	Transfer Out
Gasoline Tax Fund	\$ 2,150	\$ -
FEMA Fund	-	2,150
Totals	\$ 2,150	\$ 2,150

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets.

9. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND BALANCE

Last audit period the Township reported fund financial statements by fund type using the cash basis of accounting presenting each major fund in a separate column with non-major funds aggregated and presented in a single column. This audit period the Township has implemented the cash basis of accounting. The fund financial statements now present each fund type in a separate column under the regulatory basis of accounting as prescribed by the State Auditor's Office. There was no restatement of fund equity due to this change.

**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.**

Wheeling Township
Guernsey County
6152 Window Road
Kimbolton, Ohio 43749

We have audited the financial statements of Wheeling Township as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 19, 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 Wheeling 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 Finding 2009-003 described in the accompanying schedule of findings to be a material weakness.

We noted certain matters that we have reported to management in a separate letter dated April 19, 2010.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wheeling 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and responses as items 2009-001 and 2009-002. Also, we noted certain immaterial instances of noncompliance that we have reported to the management of Wheeling Township in a separate letter dated April 19, 2010.

Wheeling Township's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Wheeling 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
April 19, 2010

**WHEELING TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009**

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) prohibits the expenditure of funds unless they have been properly appropriated. In 2008, expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Expenditures	Variance
Note Obligation Fund	\$ 11,476	\$ 22,474	\$ (10,998)

We recommend that the Township review expenditures so that they do not exceed appropriations.

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

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of Fiscal Officer of the subdivision. The Fiscal Officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification was not obtained for 23.4% in 2009 and 12.5% in 2008 of the expenditures tested.

The Fiscal Officer should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of council against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.

Also, as an alternative, the Township can issue then and now certificates for expenses up to \$3,000. Then and now certificates allow the Fiscal Officer to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Fiscal Officer without subsequent authorization from the Council. However, then and now certificates issued by the Fiscal Officer over \$3,000, must be authorized by the Council within thirty days after payment.

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

**WHEELING TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS (Continued)
DECEMBER 31, 2009**

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

FINDING NUMBER 2009-003

Material Weakness

During 2008, the Township received insurance proceeds in the amount of \$22,474 paid directly to Kansas State Bank to pay off the debt for a backhoe that was destroyed in a fire at the Township garage. The Township did not record the proceeds and expenditure on the UAN system. During 2009, the Township purchased a new backhoe and did not record the loan proceeds or the capital outlay for the portion of the expenditure that was financed. The audited financial statements include these amounts which had no net effect on the fund balances.

We recommend that in the future the Township have controls in place to monitor and record all receipts and disbursements, including those that are paid directly to a third party.

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



Mary Taylor, CPA
Auditor of State

WHEELING 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
JULY 29, 2010**