



Dave Yost • Auditor of State

**WHEELING TOWNSHIP
BELMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Wheeling Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Wheeling Township, Belmont County, Ohio, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 1E to the financial statements, the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2013, 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 internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

July 12, 2013

**WHEELING TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$35,997	\$81,752		\$117,749
Licenses, Permits and Fees	7,600			7,600
Intergovernmental	217,849	112,158		330,007
Earnings on Investments	26	8		34
Miscellaneous	1,073	505		1,578
<i>Total Cash Receipts</i>	<u>262,545</u>	<u>194,423</u>	<u>\$0</u>	<u>456,968</u>
Cash Disbursements				
Current:				
General Government	49,887			49,887
Public Safety		32,600		32,600
Public Works	18,144	135,702		153,846
Health	7,244			7,244
Debt Service:				
Principal Retirement			182,000	182,000
Interest and Fiscal Charges			4,084	4,084
<i>Total Cash Disbursements</i>	<u>75,275</u>	<u>168,302</u>	<u>186,084</u>	<u>429,661</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>187,270</u>	<u>26,121</u>	<u>(186,084)</u>	<u>27,307</u>
Other Financing Receipts (Disbursements)				
Transfers In			186,084	186,084
Transfers Out	(186,084)			(186,084)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(186,084)</u>	<u>0</u>	<u>186,084</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	1,186	26,121	0	27,307
<i>Fund Cash Balances, January 1</i>	<u>38,635</u>	<u>55,207</u>	<u>0</u>	<u>93,842</u>
Fund Cash Balances, December 31				
Restricted		81,328		81,328
Unassigned (Deficit)	39,821			39,821
<i>Fund Cash Balances, December 31</i>	<u>\$39,821</u>	<u>\$81,328</u>	<u>\$0</u>	<u>\$121,149</u>

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

**WHEELING TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$26,814	\$71,757		\$98,571
Licenses, Permits and Fees	5,933			5,933
Intergovernmental	91,156	116,373		207,529
Earnings on Investments	29	10		39
Miscellaneous	1,581			1,581
<i>Total Cash Receipts</i>	<u>125,513</u>	<u>188,140</u>	<u>\$0</u>	<u>313,653</u>
Cash Disbursements				
Current:				
General Government	62,602	3,366		65,968
Public Safety		25,239		25,239
Public Works	15,581	150,334		165,915
Health	4,692			4,692
Debt Service:				
Principal Retirement			189,000	189,000
Interest and Fiscal Charges			4,069	4,069
<i>Total Cash Disbursements</i>	<u>82,875</u>	<u>178,939</u>	<u>193,069</u>	<u>454,883</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>42,638</u>	<u>9,201</u>	<u>(193,069)</u>	<u>(141,230)</u>
Other Financing Receipts (Disbursements)				
Sale of Notes			182,000	182,000
Transfers In			11,069	11,069
Transfers Out	(11,069)			(11,069)
Other Financing Sources		7,546		7,546
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,069)</u>	<u>7,546</u>	<u>193,069</u>	<u>189,546</u>
<i>Net Change in Fund Cash Balances</i>	31,569	16,747	0	48,316
<i>Fund Cash Balances, January 1</i>	<u>7,066</u>	<u>38,460</u>	<u>0</u>	<u>45,526</u>
Fund Cash Balances, December 31				
Restricted		55,207		55,207
Unassigned (Deficit)	38,635			38,635
<i>Fund Cash Balances, December 31</i>	<u>\$38,635</u>	<u>\$55,207</u>	<u>\$0</u>	<u>\$93,842</u>

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

**WHEELING TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 6 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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

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

C. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

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

**WHEELING TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.. The Township had the following significant capital projects fund:

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

D. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 2012 and 2011 budgetary activity appears in Note 3.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**WHEELING TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other Townships; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**WHEELING TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

2. Equity in Pooled Deposits

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

	2012	2011
Demand deposits	\$121,149	\$93,842

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011, follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$241,718	\$262,545	\$20,827
Special Revenue	189,687	194,423	4,736
Capital Projects	0	186,084	186,084
Total	\$431,405	\$643,052	\$211,647

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$295,052	\$261,359	\$33,693
Special Revenue	217,315	168,302	49,013
Capital Projects	0	186,084	(186,084)
Total	\$512,367	\$615,745	(\$103,378)

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$114,356	\$125,513	\$11,157
Special Revenue	178,078	195,686	17,608
Capital Projects	0	193,069	193,069
Total	\$292,434	\$514,268	\$221,834

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$87,060	\$93,944	(\$6,884)
Special Revenue	214,402	178,939	35,463
Capital Projects	0	193,069	(193,069)
Total	\$301,462	\$465,952	(\$164,490)

**WHEELING TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. Budgetary Activity (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$6,884 for the year ended December 31, 2011 and in the Truck and Building Fund by \$186,084 and \$193,069, for the years ended December 31, 2012 and 2011, respectively.

4. Property Tax

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

Public utilities are also taxed on personal and real property located within the Township.

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

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

5. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**WHEELING TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. Risk Management (Continued)

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, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$34,771,270	\$35,086,165
Liabilities	(9,355,082)	(9,718,792)
Net Position	<u>\$25,416,188</u>	<u>\$25,367,373</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.9 and 8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

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

<u>Contributions to OTARMA</u>		
<u>2012</u>	<u>2011</u>	<u>2010</u>
\$6,120	\$6,075	\$4,989

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Wheeling Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated July 12, 2013, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits. We also noted the Township has adopted Governmental Accounting Standards Board Statement No. 54.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider Findings 2012-02 through 2012-04 described in the accompanying Schedule of Findings to be material weakness.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2012-05 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2012-01 through 2012-03.

Entity's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

July 12, 2013

**WHEELING TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-01

Noncompliance Citation

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

As of December 31, 2012 and 2011, the Truck and Building Capital Projects Fund reflected expenditures which exceeded appropriations at the fund level in the amounts of \$186,084 and \$193,069, respectively, due to an audit adjustment to properly account for a debt payoff payment and a note rollover. (See Finding No. 2012-03)

Also, as of December 31, 2011, the General Fund reflected expenditures which exceeded appropriations as the fund level in the amount of \$6,884. This was due to an audit adjustment for Trustee compensation. (See Finding No. 2012-02)

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

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

Officials' Response: The note was paid off during 2012 and the Township will not be issuing debt in the future so this should not be a problem in future audits.

FINDING NUMBER 2012-02

Noncompliance and Material Weakness

Ohio Rev. Code Section 505.24(C) sets forth the method by which township trustees' compensation should be allocated. This section is amplified by Ohio Attorney General (OAG) Opinion No. 2004-36. This Section requires that compensation of a township trustee must be paid from the Township General Fund or from such other restricted township funds, in such proportions based on the amount of time spent on matters related to the services rendered. In addition, OAG Opinion No. 2004-36 indicates trustees should establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. There is no one method for documenting time and the kinds of services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service(s) performed, in a manner similar to trustees paid per diem compensation. If trustees do not document their time, then no part may be paid from these other funds.

In 2011, Trustees were paid 33.34% from the General Fund, 33.33% from the Gasoline Tax Fund, and 33.33% from the Road and Bridge Fund. However, time and effort logs were not presented for audit for the three trustees.

**WHEELING TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-02 (Continued)

Noncompliance and Material Weakness - Ohio Rev. Code Section 505.24(C) (Continued)

The amounts paid from the Gasoline Tax Fund and Road and Bridge Funds' was \$8,490 and \$8,090, respectively. This entire amount of \$16,580 should have been charged to the General Fund. The adjustment has been agreed to by Township management and has been posted to the Township records and is reflected in the accompanying financial statements.

We recommend the Township adopt formal administrative procedures regarding documenting the time spent by Board of Trustee's on various duties. Once these administrative procedures are established, trustee salaries should be charged to the applicable funds in accordance with the timesheets or other similar method of record keeping.

Officials' Response: Starting in 2012 the Trustees are completing the payroll certification sheets as required by the Ohio Revised Code.

FINDING NUMBER 2012-03

Noncompliance and Material Weakness

Ohio Admin. Code Section 117-2-02 states that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. Furthermore, Auditor of State Bulletin 1997-010 recommended accounting treatment for note rollovers.

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

Ohio Rev. Code Section 5705.40 states that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation.

During 2011, the Township did not record note proceeds on their accounting records or financial statements in the amount of \$182,000. Also, the Fiscal Officer did not obtain an amended certificate for the proceeds of the new note and the Board of Trustees did not amend appropriations for the debt service principal and interest payments on the old note.

A material adjustment with which Township officials' agree is reflected in the accompanying financial statements. This also resulted in a violation of Ohio Rev. Code Section 5705.41(B) within the Truck and Building Fund. (See Finding No. 2012-01)

**WHEELING TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-03 (Continued)

Noncompliance and Material Weakness - Ohio Admin. Code Section 117-2-02 (Continued)

We recommend the Township refer to Auditor of State Bulletin 1997-010 and follow the recommended accounting treatment for all note rollovers. We also recommend the Township follow the budgetary scheme of Chapter 5705 of the Revised Code and obtain an amended certificate for the receipt of the proceeds of the new note and budget for the debt service principal and interest payments of the old note.

Officials' Response: The note was paid off during 2012 and the Township will not be issuing debt in the future so this should not be a problem in future audits.

FINDING NUMBER 2012-04

Material Weakness

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

The Ohio Township Handbook (revised April 2013) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

During 2012 and 2011, Township's receipts were not always posted to the accurate receipt classifications, based upon the source of receipt.

The following misclassifications were noted:

- In 2012 and 2011, within the General Fund, estate tax, liquor permit fees, and cigarette license tax, in the aggregate amount of \$177,470 and \$36,475, respectively, were classified as "Miscellaneous" receipts instead of "Intergovernmental".
- In 2012 and 2011, within the General Fund, cable franchise fees in the amount of \$7,600 and \$5,933, respectively, were classified as "Miscellaneous" receipts instead of "Licenses, Permits, and Fees".
- In 2012 and 2011, homestead and rollback and property tax replacement revenues distributed to several funds in the aggregate amount of \$17,735 and \$23,616, respectively, were classified as "Property Taxes" instead of "Intergovernmental" receipts.
- In 2012, a portion of a property tax replacement receipt, within the General Fund, in the amount of \$19, was classified as "Earnings on Investments" instead of a "Intergovernmental" receipt.

Material adjustments with which the Township officials' agree are reflected in the accompanying financial statements.

**WHEELING TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-04 (Continued)

Material Weakness (Continued)

We recommend the Township utilize available authoritative resources to appropriately classify receipt transactions.

Officials' Response: The above receipts were posted to the correct fund; however, in the future when a question arises as to proper classification of a receipt the Fiscal Officer will refer to the UAN or Township Manuals for guidance.

FINDING NUMBER 2012-05

Significant Deficiency

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

The Fiscal Officer did not always accurately post budgeted receipts, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system.

The following table details these variances:

Fund	Amount per Last Amended Certificate	Amount Posted to the Accounting System	Variance
2012			
General	\$241,718	\$65,278	(\$176,440)
Road and Bridge	55,000	54,672	(328)
2011			
General	114,356	79,994	(34,362)
Gasoline Tax	87,010	86,010	(1,000)
Road and Bridge	55,071	54,436	(635)
Fire District	18,500	18,000	(500)

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

**WHEELING TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

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

FINDING NUMBER 2012-05 (Continued)

Significant Deficiency (Continued)

We recommend the Fiscal Officer record only estimated receipts from the Certificate of Estimated Resources and any amendments thereto.

Officials' Response: The fiscal officer will utilize the amended certificate received in January to post estimated receipts to the accounting system instead of the certificate received in September with preliminary figures.

**WHEELING TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Rev. Code Section 5705.41(D)(1) not properly certifying availability of funds prior to incurring obligations.	Yes	N/A.
2010-002	Ohio Rev. Code Section 5705.41(B) expenditures exceeded appropriations in the Truck and Building Fund to properly account for note rollovers due to audit adjustments.	No	Not Corrected; Reported as Finding No. 2012-01.
2010-003	Ohio Rev. Code Section 5705.39 appropriations exceeded total estimated resources in the General and Motor Vehicle License Tax Funds.	Yes	N/A.
2010-004	Ohio Admin. Code Section 117-2-02, Ohio Rev. Code Section 5705.36(A)(3), Ohio Rev. Code Section 5705.40 regarding not recording note proceeds and also not obtaining an amended certificate for the proceeds of new note and not amending appropriations for debt service principal and interest payments of old note.	No	Not Corrected; Reported as Finding No. 2012-03.
2010-005	Significant deficiency – not recording various receipts and expenditures into proper account classifications.	No	Not Corrected; Reported as Finding No. 2012-04.
2010-006	Significant deficiency – not properly posting budgeted receipts into the accounting system.	No	Not Corrected; Reported as Finding No. 2012-05.



Dave Yost • Auditor of State

WHEELING TOWNSHIP

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 1, 2013**