



Dave Yost • Auditor of State

**WILLS TOWNSHIP
GUERNSEY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Wills Township
Guernsey County
63371 Range Road
Lore City, Ohio 43755

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Wills Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013.

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 Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; 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 § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2014 and 2013, 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 Wills Township, Guernsey County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015, 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

October 22, 2015

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$26,356	\$48,137	\$12,766	\$0	\$87,259
Charges for Services	0	4,529	0	0	4,529
Licenses, Permits and Fees	18,800	0	0	0	18,800
Intergovernmental	7,301	117,922	0	8,709	133,932
Earnings on Investments	10	7	0	0	17
Miscellaneous	0	3,310	0	0	3,310
<i>Total Cash Receipts</i>	<u>52,467</u>	<u>173,905</u>	<u>12,766</u>	<u>8,709</u>	<u>247,847</u>
Cash Disbursements					
Current:					
General Government	32,894	7,130	0	0	40,024
Public Safety	0	3,240	0	0	3,240
Public Works	0	163,774	0	8,000	171,774
Health	3,439	155	0	0	3,594
Debt Service:					
Principal Retirement	0	0	9,056	0	9,056
Interest and Fiscal Charges	0	0	3,710	0	3,710
<i>Total Cash Disbursements</i>	<u>36,333</u>	<u>174,299</u>	<u>12,766</u>	<u>8,000</u>	<u>231,398</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>16,134</u>	<u>(394)</u>	<u>0</u>	<u>709</u>	<u>16,449</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	25,288	0	0	25,288
Transfers Out	(25,288)	0	0	0	(25,288)
Other Financing Sources	25,288	0	0	0	25,288
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>25,288</u>	<u>0</u>	<u>0</u>	<u>25,288</u>
<i>Net Change in Fund Cash Balances</i>	16,134	24,894	0	709	41,737
<i>Fund Cash Balances, January 1</i>	<u>17,141</u>	<u>126,893</u>	<u>1</u>	<u>97</u>	<u>144,132</u>
Fund Cash Balances, December 31					
Restricted	0	120,485	1	806	121,292
Committed	0	31,302	0	0	31,302
Assigned	33,188	0	0	0	33,188
Unassigned (Deficit)	87	0	0	0	87
<i>Fund Cash Balances, December 31</i>	<u>\$33,275</u>	<u>\$151,787</u>	<u>\$1</u>	<u>\$806</u>	<u>\$185,869</u>

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

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Private Purpose Trust</u>
Operating Cash Receipts	
Earnings on Investments	\$13
<i>Total Operating Cash Receipts</i>	<u>13</u>
Operating Cash Disbursements	
Purchased Services	<u>180</u>
<i>Total Operating Cash Disbursements</i>	<u>180</u>
<i>Operating Income (Loss)</i>	<u>(167)</u>
<i>Net Change in Fund Cash Balances</i>	(167)
<i>Fund Cash Balances, January 1</i>	<u>1,776</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,609</u></u>

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

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$29,744	\$46,940	\$12,766	\$0	\$89,450
Charges for Services	0	4,628	0	0	4,628
Licenses, Permits and Fees	6,520	0	0	0	6,520
Intergovernmental	7,459	157,686	0	13,783	178,928
Earnings on Investments	33	17	0	0	50
Miscellaneous	0	1,681	0	0	1,681
<i>Total Cash Receipts</i>	<u>43,756</u>	<u>210,952</u>	<u>12,766</u>	<u>13,783</u>	<u>281,257</u>
Cash Disbursements					
Current:					
General Government	36,199	5,881	0	0	42,080
Public Safety	0	5,640	0	0	5,640
Public Works	0	156,860	0	14,846	171,706
Health	4,520	0	0	0	4,520
Human Services	0	10,965	0	0	10,965
Capital Outlay	171	500	0	5,000	5,671
Debt Service:					
Principal Retirement	0	0	8,775	0	8,775
Interest and Fiscal Charges	0	0	3,991	0	3,991
<i>Total Cash Disbursements</i>	<u>40,890</u>	<u>179,846</u>	<u>12,766</u>	<u>19,846</u>	<u>253,348</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,866</u>	<u>31,106</u>	<u>0</u>	<u>(6,063)</u>	<u>27,909</u>
Other Financing Receipts (Disbursements)					
Other Financing Sources	1,012	0	0	0	1,012
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,012</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,012</u>
<i>Net Change in Fund Cash Balances</i>	3,878	31,106	0	(6,063)	28,921
<i>Fund Cash Balances, January 1</i>	<u>13,263</u>	<u>95,787</u>	<u>1</u>	<u>6,160</u>	<u>115,211</u>
Fund Cash Balances, December 31					
Restricted	0	92,098	1	97	92,196
Committed	0	34,795	0	0	34,795
Assigned	17,027	0	0	0	17,027
Unassigned (Deficit)	114	0	0	0	114
<i>Fund Cash Balances, December 31</i>	<u>\$17,141</u>	<u>\$126,893</u>	<u>\$1</u>	<u>\$97</u>	<u>\$144,132</u>

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

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Private Purpose Trust</u>
Operating Cash Receipts	
Earnings on Investments	\$14
<i>Total Operating Cash Receipts</i>	<u>14</u>
<i>Operating Income (Loss)</i>	<u>14</u>
<i>Net Change in Fund Cash Balances</i>	14
<i>Fund Cash Balances, January 1</i>	<u>1,762</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,776</u></u>

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

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 Wills Township, Guernsey 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 Old Washington, Quaker City and Lore City Volunteer Fire Departments to provide fire services.

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for these entities. This organization is:

Public Entity Risk Pool:

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). Member governments pay annual contributions to fund the Plan. The Plan pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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:

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 for constructing, maintaining, and repairing Township roads.

3. Debt Service Fund

This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Debt Service Fund - This fund receives property tax money (from the Road and Bridge Fund) for general bond/note retirement.

4. Capital Project Fund

This fund accounts 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 Project Fund:

Public Works Commission Projects Local Fund - The Township receives funds from the Guernsey County Engineer to fund Township road projects.

5. Fiduciary Fund

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of the Carlisle Cemetery.

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered 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 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 carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. 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.

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 governments; 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.

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT OF ACCOUNTING POLICIES (Continued)

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.

G. 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.

H. 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.

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:

	2014	2013
Demand deposits	\$185,881	\$144,311
Certificates of deposit	1,597	1,597
Total deposits	\$187,478	\$145,908

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,960	\$77,755	\$20,795
Special Revenue	179,158	199,193	20,035
Debt Service	12,766	12,766	0
Capital Projects	8,709	8,709	0
Private Purpose Trust	12	13	1
Total	\$257,605	\$298,436	\$40,831

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$74,005	\$61,621	\$12,384
Special Revenue	280,305	177,128	103,177
Debt Service	12,766	12,766	0
Capital Projects	20,200	8,000	12,200
Private Purpose Trust	190	180	10
Total	\$387,466	\$259,695	\$127,771

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,302	\$44,768	\$14,466
Special Revenue	185,560	210,952	25,392
Debt Service	12,766	12,766	0
Capital Projects	13,783	13,783	0
Private Purpose Trust	15	14	(1)
Total	\$242,426	\$282,283	\$39,857

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$43,486	\$40,907	\$2,579
Special Revenue	280,300	185,511	94,789
Debt Service	12,766	12,766	0
Capital Projects	19,900	19,846	54
Private Purpose Trust	175	0	175
Total	\$356,627	\$259,030	\$97,597

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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.

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, 2014 was as follows:

	Principal	Interest Rate
Truck Installment Loan	\$12,429	2.75%
Building Installment Loan	75,743	4%
Total	\$88,172	

On September 1, 2011, the Township obtained an installment loan to finance the purchase of a new dump truck and plowing equipment for Township road maintenance. On December 20, 2011, the Township obtained an installment loan to finance the purchase of a building for Township use.

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

Year ending December 31:	Installment Loans
2015	\$12,766
2016	6,254
2017	6,254
2018	6,254
2019	6,254
2020-2024	31,271
2025-2029	31,271
2030-2031	12,508
Total	\$112,832

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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, 2014.

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. 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 Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to § 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. SUBSEQUENT EVENT

On June 9, 2015, the Township signed a lease-purchase agreement to purchase a 2015 Ford Dump Truck in the amount of \$25,000.



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

Wills Township
Guernsey County
63371 Range Road
Lore City, Ohio 43755

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 Wills Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated October 22, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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 opinions 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 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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 and 2014-002 described in the accompanying Schedule of Findings to be material weaknesses.

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 2014-001 and 2014-003.

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

October 22, 2015

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(A) states that 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) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications 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.

The Township did not have control procedures in place to ensure the accuracy of the Township Fiscal Officer's revenue line item account postings. Throughout the audit period various receipts were not posted to accurate revenue line items.

Receipts were not posted into accurate line item account classifications based on the source of the receipt. The amounts of \$18,800 and \$2,185 in 2014 and \$6,520 and \$10,965 in 2013 were not posted to the correct line item account classification within the General and Special Revenue Funds, based on the source of the receipts. As a result, reclassifications were required.

The material reclassifications, to which management agrees, are reflected in the accompanying financial statements.

The Fiscal Officer should review guidance within the Ohio Township Handbook. This guidance will allow the Fiscal Officer to make proper postings to receipt account classifications based on the source of the receipt. Someone independent of the Fiscal Officer, preferably a member of the Board of Trustees, should periodically review postings to the accounting system for accuracy.

FINDING NUMBER 2014-002

Material Weakness

Auditor of State Bulletin 2011-004 mandated Governmental Accounting Standard Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for financial statements for periods beginning after June 15, 2010.

The Township improperly disclosed the Road and Bridge Fund cash fund balance as restricted instead of reporting the cash fund balance as committed in the amounts of \$31,302 in 2014 and \$34,795 in 2013. The Township improperly disclosed the Miscellaneous Special Revenue Fund cash fund balance as committed instead of restricted in the amounts of \$17,255 in 2014 and \$31,285 in 2013. The Township did not include General Fund cash fund balances appropriated in the next fiscal year as assigned in the amounts of \$33,188 in 2014 and \$17,027 in 2013. These amounts have been reclassified on the 2014 and 2013 General and Special Revenue cash fund balances.

The Township should review Auditor of State Bulletin 2011-004 for proper reporting of cash fund balances.

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-003

Noncompliance

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. Ohio Rev. Code § 133.22 allows a subdivision to issue anticipatory securities, Ohio Rev. Code § 133.10 allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

Ohio Rev. Code § 133.14 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct and Ohio Rev. Code § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

Townships can only obtain debt by issuing general obligation debt or lease-purchase options. Townships do not have authority to take out a bank loan because "bank loans" are not a statutorily permitted form of debt for townships. However, Townships have the authority to issue securities under Ohio Rev. Chapter 133. Townships may not obtain debt by solely collateralizing equipment or property but must pledge the full faith and credit of the township as outlined under Ohio Rev. Code § 5549.021, the exception being securing equipment by lease-purchase option under Ohio Rev. Code § 505.267.

On September 1, 2011, the Township obtained an installment loan from US Bank in the amount of \$30,000 for the purchase of a 2001 International Dump Truck. On December 20, 2011, the Township obtained an installment loan from US Bank in the amount of \$85,000 for the purchase of a building. Both loans still had outstanding balances at December 31, 2014.

The Ohio Revised Code contains limited methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for Townships. The Township should contact its legal counsel before incurring future debt.

Officials' Response: We did not receive a response from Officials to the findings reported above.



Dave Yost • Auditor of State

WILLS TOWNSHIP

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 19, 2015**