



**Auditor of State
Betty Montgomery**

**WILLS TOWNSHIP
GUERNSEY COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Wills Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Wills Township, Guernsey County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2003 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wills Township
Guernsey County
Independent Accountants' Report
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 14, 2003

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Fund</u>	
Cash Receipts:						
Local Taxes	\$17,584	\$25,166	\$6,300	\$	\$	\$49,050
Intergovernmental	11,559	68,119		5,754		85,432
Charges for Services		4,637				4,637
Licenses, Permits, and Fees		100				100
Earnings on Investments	679	260			60	999
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	29,822	98,282	6,300	5,754	60	140,218
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:						
Current:						
General Government	34,763					34,763
Public Safety	2,000	3,900				5,900
Public Works	498	98,212				98,710
Health	3,847	69				3,916
Purchased Services					215	215
Redemption of Principal			5,000			5,000
Interest and Fiscal Charges			761			761
Capital Outlay				5,112		5,112
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	41,108	102,181	5,761	5,112	215	154,377
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(11,286)	(3,899)	539	642	(155)	(14,159)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts						
Other Sources	335					335
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	335	0	0	0	0	335
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(10,951)	(3,899)	539	642	(155)	(13,824)
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Fund Cash Balances, January 1	27,537	75,444	295	180	1,773	105,229
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Fund Cash Balances, December 31	\$16,586	\$71,545	\$834	\$822	\$1,618	\$91,405
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$178	\$1,169	\$0	\$822	\$0	\$2,169
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The notes to the financial statements are an integral part of this statement.

**WILLS TOWNSHIP
GUERNSEY COUNTY**

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

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Fund</u>	
Cash Receipts:						
Local Taxes	\$18,127	\$26,400	\$6,300	\$	\$	\$50,827
Intergovernmental	11,852	70,040		8,163		90,055
Charges for Services		4,947				4,947
Licenses, Permits, and Fees		250				250
Earnings on Investments	928	307			35	1,270
Other Revenue		790				790
Total Cash Receipts	<u>30,907</u>	<u>102,734</u>	<u>6,300</u>	<u>8,163</u>	<u>35</u>	<u>148,139</u>
Cash Disbursements:						
Current:						
General Government	41,952					41,952
Public Safety		5,900				5,900
Public Works	4,528	99,954				104,482
Health	4,400	332				4,732
Debt Service:						
Redemption of Principal			5,000			5,000
Interest and Fiscal Charges			1,006			1,006
Capital Outlay				7,983		7,983
Total Cash Disbursements	<u>50,880</u>	<u>106,186</u>	<u>6,006</u>	<u>7,983</u>	<u>0</u>	<u>171,055</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(19,973)</u>	<u>(3,452)</u>	<u>294</u>	<u>180</u>	<u>35</u>	<u>(22,916)</u>
Other Financing Receipts/(Disbursements):						
Transfers-In		1,000				1,000
Transfers-Out	(1,000)					(1,000)
Other Sources	438					438
Total Other Financing Receipts/(Disbursements)	<u>(562)</u>	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>438</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(20,535)</u>	<u>(2,452)</u>	<u>294</u>	<u>180</u>	<u>35</u>	<u>(22,478)</u>
Fund Cash Balances, January 1	48,072	77,896	1	0	1,738	127,707
Fund Cash Balances, December 31	<u>\$27,537</u>	<u>\$75,444</u>	<u>\$295</u>	<u>\$180</u>	<u>\$1,773</u>	<u>\$105,229</u>
Reserve for Encumbrances, December 31	<u>\$114</u>	<u>\$818</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$932</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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wills Township, Guernsey County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Villages of Old Washington, Lore City and Quaker City, as well as the Antrim Community Fire Department to provide fire services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

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

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of note indebtedness. The Township had a Note Retirement Fund to accumulate property tax revenue for the retirement of debt related to the purchase of a backhoe.

4. Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had a local Public Works Project Fund for various road projects funded by the Guernsey County Engineer.

5. Fiduciary Fund (Trust Fund)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had a non-expendable trust fund, the Carlisle Cemetery Fund, which collects interest from a certificate of deposit to be used for cemetery maintenance.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

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 carried over, and need not be re-appropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	2002	2001
Demand deposits	\$89,808	\$103,632
Certificates of deposit	1,597	1,597
Total deposits	\$91,405	\$105,229

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,664	\$30,157	\$1,493
Special Revenue	95,110	98,282	3,172
Debt Service	6,300	6,300	0
Capital Projects	5,754	5,754	0
Fiduciary	40	60	20
Total	\$135,868	\$140,553	\$4,685

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,164	\$41,286	\$14,878
Special Revenue	170,521	103,350	67,171
Debt Service	6,595	5,761	834
Capital Projects	5,934	5,934	0
Fiduciary	215	215	0
Total	\$239,429	\$156,546	\$82,883

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$26,631	\$31,345	\$4,714
Special Revenue	99,688	103,734	4,046
Debt Service	6,300	6,300	0
Capital Projects	8,163	8,163	0
Fiduciary	100	35	(65)
Total	\$140,882	\$149,577	\$8,695

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$74,703	\$51,994	\$22,709
Special Revenue	177,480	107,004	70,476
Debt Service	6,300	6,006	294
Capital Projects	8,163	7,983	180
Fiduciary	241	0	241
Total	\$266,887	\$172,987	\$93,900

Contrary to Ohio Rev. Code Section 5705.41(D), the Township did not obtain the Clerk's prior certification before obligating funds.

4. PROPERTY TAX

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

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.

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Note	\$10,000	5%
Total	\$10,000	

The general obligation note was issued to finance the purchase of a new backhoe to be used for Township road maintenance. The note is collateralized solely by the Township's taxing authority.

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

Year ending December 31:	General Obligation Note
2003	5,500
2004	5,250
Total	\$10,750

6. RETIREMENT SYSTEMS

The Township's employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the APlan®), an unincorporated non-profit association with over 600 government entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

Commercial Insurance

The Township also provides health and life insurance coverage to its officials and full-time employee through a private carrier.



**Auditor of State
Betty Montgomery**

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Wills Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 14, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2002-41030-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated April 14, 2003.

Internal Control Over Financial Reporting

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

Wills Township
Guernsey County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 14, 2003

**WILLS TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-41030-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate – This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time of completing the certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrances, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Twenty-eight percent of the transactions we tested for 2002 and 2001 did not include prior certification of the Clerk nor was there any evidence of a “Then and Now” certificate being used by the Clerk.

We recommend the Township obtain the Clerk’s prior certification for all disbursements.



**Auditor of State
Betty Montgomery**

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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
MAY 27, 2003**