

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2010 – DECEMBER 31, 2011**

**Wolfe, Wilson, & Phillips, Inc.  
37 South Seventh Street  
Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Board of Trustees  
Millwood Township  
P.O. Box 176  
Quaker City, Ohio 43773

We have reviewed the *Independent Auditors' Report* of Millwood Township, Guernsey County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the Independent Auditors' Report on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The Independent Auditors' Report also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Millwood Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

December 6, 2012

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**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY**

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

**INDEPENDENT AUDITORS' REPORT**

Millwood Township  
Guernsey County  
P.O. Box 176  
Quaker City, Ohio 43773

To the Board of Trustees:

We have audited the accompanying financial statements of Millwood Township, Guernsey County as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present for 2011 and 2010, GAAP require presenting entity wide statements and also to present its larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to follow GAAP formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above for the years ending December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Millwood Township as of December 31, 2011 and 2010, or its changes in financial position for the years then ended..

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Millwood Township, Guernsey County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 1, during 2011 Millwood Township, Guernsey County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 15, 2012, on our consideration of Millwood Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
August 15, 2012

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Local Taxes	\$ 33,348	\$ 33,622	\$ -	\$ 5,336	\$ 72,306
Intergovernmental	6,086	84,096	-	-	90,182
Earnings on Investments	161	193	-	-	354
Other Revenue	1,617	1,486	14,432	-	17,535
<b>Total Cash Receipts</b>	<u>41,212</u>	<u>119,397</u>	<u>14,432</u>	<u>5,336</u>	<u>180,377</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	26,177	3,825	-	-	30,002
Public Safety	3,000	-	-	-	3,000
Public Works	1,247	48,555	-	22,600	72,402
Health	486	200	-	-	686
Capital Outlay	-	491	-	-	491
Debt Service:					
Principal Retirement	1,547	-	9,958	-	11,505
Interest and Fiscal Charges	290	-	2,923	-	3,213
<b>Total Cash Disbursements</b>	<u>32,747</u>	<u>53,071</u>	<u>12,881</u>	<u>22,600</u>	<u>121,299</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	8,465	66,326	1,551	(17,264)	59,078
<b>Fund Cash Balances, January 1</b>	<u>61,782</u>	<u>175,650</u>	<u>5,962</u>	<u>34,474</u>	<u>277,868</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	-	-	-	-	-
Restricted	-	172,480	7,513	17,210	197,203
Committed	-	69,496	-	-	69,496
Assigned	-	-	-	-	-
Unassigned (Deficit)	70,247	-	-	-	70,247
<b>Fund Cash Balances, December 31</b>	<u>\$ 70,247</u>	<u>\$ 241,976</u>	<u>\$ 7,513</u>	<u>\$ 17,210</u>	<u>\$ 336,946</u>

See notes to financial statements.

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Local Taxes	\$ 25,006	\$ 24,863	\$ -	\$ 5,336	\$ 55,205
Intergovernmental	5,898	89,422	69,000	-	164,320
Earnings on Investments	185	234	-	-	419
Other Revenue	37,582	327	11,502	-	49,411
<b>Total Cash Receipts</b>	<u>68,671</u>	<u>114,846</u>	<u>80,502</u>	<u>5,336</u>	<u>269,355</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	76,226	7,482	-	-	83,708
Public Safety	3,000	-	-	-	3,000
Public Works	1,997	64,196	-	5,482	71,675
Health	-	17	-	-	17
Capital Outlay	657	15,712	119,000	-	135,369
Debt Service:					
Principal Retirement	953	-	5,516	-	6,469
Interest and Fiscal Charges	216	-	1,243	-	1,459
<b>Total Cash Disbursements</b>	<u>83,049</u>	<u>87,407</u>	<u>125,759</u>	<u>5,482</u>	<u>301,697</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	(14,378)	27,439	(45,257)	(146)	(32,342)
<b>Other Financing Receipts (Disbursements):</b>					
Note Proceeds	9,000	-	-	-	9,000
Sale of Bonds	-	-	50,000	-	50,000
<b>Total Other Financing Receipts (Disbursements):</b>	<u>9,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>59,000</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements</b>	(5,378)	27,439	4,743	(146)	26,658
<b>Fund Cash Balances, January 1</b>	<u>67,160</u>	<u>148,211</u>	<u>1,219</u>	<u>34,620</u>	<u>251,210</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 61,782</u>	<u>\$ 175,650</u>	<u>\$ 5,962</u>	<u>\$ 34,474</u>	<u>\$ 277,868</u>

See notes to financial statements.

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Township of Millwood, Guernsey County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees and a publicly elected Fiscal Officer. The Township provides general government services, road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the Township of Quaker City to provide fire protection and ambulance services.

The Township participates in the Ohio Government Risk Management Plan (the Plan) public entity risk sharing pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Township belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated, non-profit association providing a formalized, jointly administered self insurance risk management plan. 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. Basis of Accounting**

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

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

**C. Cash and Investments**

All funds are maintained in an interest-bearing checking account.

**D. Fund Accounting**

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

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**D. Fund Accounting (Continued)**

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds**

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

**Gasoline Tax Fund** – This fund receives gasoline tax receipts for constructing, maintaining and repairing Township roads and bridges.

**Debt Service Funds**

The Debt Service Funds are used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Fund:

**General Note Retirement Fund** – This fund receives monies to retire the debt on a road grader.

**Capital Projects Fund**

The Capital Project Fund is used to account for financial resources to be used for the acquisition of major capital facilities (other than those financed by proprietary funds). The Township had the following Capital Project Fund:

**Issue II Fund** – This fund records Issue II activity passed through the County Engineer’s office for road projects.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**Appropriations**

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

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**E. Budgetary Process (Continued)**

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget commission must also approve estimated resources.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated in the subsequent year.

A Summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2011, 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:

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

**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.

**Committed** – The Board of Trustees can *commit* via formal action (resolution). The Township must adhere to these commitments unless council amends 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.

**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 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 the Board of Trustees or a Township official delegated that authority by ordinance, or by State Statute.

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 (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.

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**G. Property, Plant and Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting

**2. EQUITY IN POOLED CASH**

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

	2011	2010
Demand Deposits	\$ 336,946	\$ 277,868

**Deposits:**

Deposits are either 1) insured by the Federal Depository Insurance Corporation or 2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2011 and 2010 was as follows:

**2011 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 36,373	\$ 41,212	\$ 4,839
Special Revenue	117,101	119,397	2,296
Debt Service	11,672	14,432	2,760
Capital Projects	5,336	5,336	-
Total	\$ 170,482	\$ 180,377	\$ 9,895

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. BUDGETARY ACTIVITY (CONTINUED)**

**2011 Budgeted vs. Actual Budgetary Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 98,155	\$ 32,747	\$ 65,408
Special Revenue	289,426	53,071	236,355
Debt Service	12,881	12,881	-
Capital Projects	<u>39,809</u>	<u>22,600</u>	<u>17,209</u>
Total	<u>\$ 440,271</u>	<u>\$ 121,299</u>	<u>\$ 318,972</u>

**2010 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 71,245	\$ 77,671	\$ 6,426
Special Revenue	105,426	114,846	9,420
Debt Service	130,662	130,502	(160)
Capital Projects	<u>4,002</u>	<u>5,336</u>	<u>1,334</u>
Total	<u>\$ 311,335</u>	<u>\$ 328,355</u>	<u>\$ 17,020</u>

**2010 Budgeted vs. Actual Budgetary Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 138,405	\$ 83,049	\$ 55,356
Special Revenue	253,637	87,407	166,230
Debt Service	125,759	125,759	-
Capital Projects	<u>34,620</u>	<u>5,482</u>	<u>29,138</u>
Total	<u>\$ 552,421</u>	<u>\$ 301,697</u>	<u>\$ 250,724</u>

Contrary to ORC Section 5705.36, in 2010, the Township had funds in which appropriations were greater than unencumbered balance plus actual receipts which should have resulted in getting a new certificate of estimated resources.

Contrary to ORC Section 5705.39, in 2010, the Township had appropriations that exceeded estimated resources in one fund.

Contrary to Ohio Revised Code Section 5705.41(D), in 2010 the Township had fiscal certificates that were dated after invoices.

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**4. PROPERTY TAX**

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

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

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

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

**5. RETIREMENT SYSTEMS**

The Township's Trustees, Clerk and other employees of the Township belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2011 and 2010, members of PERS contributed 10.0% of their gross salaries, respectively. The Township contributed an amount equal to 14.00% of participants' gross salaries, respectively. The Township has paid all contributions required through December 31, 2011.

**6. RISK MANAGEMENT**

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

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

Prior to 2009, the Township belonged to 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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) – formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. – mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**6. RISK MANAGEMENT (CONTINUED)**

Pursuant to Section 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 coverage's, to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk Management (OPRM), are developed specific to each member's 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 40% (17% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Township participates in this program.

The Plan formed the Ohio Healthcare Consortium (OPHC), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political subdivisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and December 31, 2009 respectively. The Township does not participate in this coverage.

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 years.

The Pools audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, the latest information available.

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$ 12,036,541	\$ 1,355,131	\$ 11,176,186	\$ 1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Retained Earnings	\$ 7,191,485	\$ 300,035	\$ 6,323,701	\$ 105,185

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. DEBT**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest rate
Promissory Note – Dump Truck	\$ 18,726	4.35%
Promissory Note – Building	6,500	4.25%
Bond – Road Grader	45,800	4.00%
Total	\$ 71,026	

A promissory note was issued in the amount of \$64,115 in 2008 for the purchase of a dump truck to be used for maintenance of Township roads. The note was refinanced in 2009 in the amount of \$30,000. This note is collateralized by the equipment. Payments are made annually.

A promissory note was issued in the amount of \$9,000 in 2010 for the purchase of a building to be used to house the Township offices and garage. This note is collateralized by the building. Payments are made monthly.

A bond was issued in the amount of \$50,000 in 2010 for the purchase of a new road grader to be used for maintenance Township roads. This bond is collateralized by the grader. Payments are made annually.

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

Year Ended December 31	Dump Truck	Building	Road Grader
2012	\$ 6,759	\$ 2,004	\$ 6,132
2013	6,759	2,004	6,160
2014	6,759	2,004	6,180
2015	-	978	6,192
2016	-	-	6,096
2017-2020	-	-	24,679
Total	\$ 20,277	\$ 6,990	\$ 55,439

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Millwood Township  
Guernsey County  
P.O. Box 176  
Quaker City, Ohio 43773

We have audited the financial statements of Millwood Township, Guernsey County as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 15, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township adopted Governmental Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Millwood Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assuring whether Millwood 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, providing an opinion 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 no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the management of Millwood Township in a separate letter dated August 15, 2012.

We intend this report solely for the information and use of the Township's management, Auditor of State, and others within the Township. We intend it for no one other than these specified parties.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
August 15, 2012

**MILLWOOD TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2009-01	Posting Receipts/ Expenditures	Yes	Finding No Longer Valid
2009-02	Fund Classification	Yes	Finding No Longer Valid

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# Dave Yost • Auditor of State

**MILLWOOD 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  
DECEMBER 18, 2012**