

WADSWORTH TOWNSHIP

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2007 AND DECEMBER 31, 2006

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Wadsworth Township
P.O. Box 614
Wadsworth, OH 44282

We have reviewed the *Independent Auditor's Report* of Wadsworth Township, Medina County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2006 to December 31, 2007. 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 Auditor's 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 Auditor's 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. Wadsworth Township is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

March 12, 2009

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**WADSWORTH TOWNSHIP, OHIO
MEDINA COUNTY
FOR THE YEARS ENDED
DECEMBER 31, 2007 AND DECEMBER 31, 2006**

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**CERTIFIED PUBLIC ACCOUNTANTS
121 College Street
Wadsworth, Ohio 44281
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INDEPENDENT AUDITOR'S REPORT

Wadsworth Township, Medina County
PO Box 614
Wadsworth, OH 44282

To the Township Trustees:

We have audited the accompanying financial statements of the Wadsworth Township, Medina County, (the Township), as of and for the years ended December 31, 2007 and December 31, 2006. 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 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 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and December 31, 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. 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 Townships to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

INDEPENDENT AUDITOR'S REPORT (continued)

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and December 31, 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and December 31, 2006, 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 and reserves for encumbrances of the Township, as of December 31, 2007 and December 31, 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2007 and December 31, 2006. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2009, 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. While we did not express an opinion on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

January 23, 2009

Wadsworth Township, Medina County
 Combined Statement of Cash Receipts, Cash Disbursements and
 Change in Fund Cash Balances - All Governmental Fund Types
 For the Year Ended December 31, 2007

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Local Taxes	\$144,037	\$276,889	\$420,926
Intergovernmental	246,732	174,163	420,895
Licenses, Permits and Fees	0	4,893	4,893
Earnings on Investments	82,423	8,609	91,032
Other Revenue	22,570	0	22,570
Total Cash Receipts	<u>495,761</u>	<u>464,554</u>	<u>960,315</u>
Cash Disbursements			
Current:			
General Government	149,642	23,906	173,548
Public Safety	40,107	284,920	325,027
Public Works	51,109	187,398	238,507
Health	17,477	0	17,477
Capital Outlay	37,816	0	37,816
Total Cash Disbursements	<u>296,151</u>	<u>496,224</u>	<u>792,375</u>
Total Receipts Over/(Under) Disbursements	199,610	(31,670)	167,940
Other Financing Receipts/(Disbursements)			
Transfers - In	0	75,000	75,000
Transfers - Out	(75,000)	0	(75,000)
Total Other Financing Receipts/(Disbursements)	<u>(75,000)</u>	<u>75,000</u>	<u>0</u>
Excess/(Deficiency) of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	124,610	43,330	167,940
Fund Cash Balances, January 1, 2007	<u>1,172,615</u>	<u>452,692</u>	<u>1,625,306</u>
Fund Cash Balances, December 31, 2007	<u>\$1,297,225</u>	<u>\$496,021</u>	<u>\$1,793,247</u>
Reserve For Encumbrances	<u>\$437</u>	<u>\$514</u>	<u>\$951</u>

See accompanying notes to the basic financial statements

Wadsworth Township, Medina County
 Combined Statement of Cash Receipts, Cash Disbursements and
 Change in Fund Cash Balances - All Governmental Fund Types
 For the Year Ended December 31, 2006

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Local Taxes	\$131,823	\$255,543	\$387,366
Intergovernmental	250,618	179,728	430,346
Licenses, Permits and Fees	0	4,800	4,800
Earnings on Investments	56,988	6,601	63,589
Other Revenue	27,522	0	27,522
Total Cash Receipts	466,951	446,672	913,624
Cash Disbursements			
Current:			
General Government	155,398	15,603	171,001
Public Safety	10,118	280,000	290,118
Public Works	39,879	221,868	261,747
Health	17,477	0	17,477
Capital Outlay	159	0	159
Total Cash Disbursements	223,031	517,472	740,503
Total Receipts Over/(Under) Disbursements	243,920	(70,799)	173,121
Other Financing Receipts/(Disbursements)			
Transfers - In	0	160,000	160,000
Transfers - Out	(160,000)	0	(160,000)
Other Financing Uses	(104)	0	(104)
Total Other Financing Receipts/(Disbursements)	(160,104)	160,000	(104)
Excess/(Deficiency) of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	83,817	89,201	173,018
Fund Cash Balances, January 1, 2006	1,088,798	363,491	1,452,289
Fund Cash Balances, December 31, 2006	\$1,172,615	\$452,692	\$1,625,306
Reserve For Encumbrances	\$0	\$238	\$238

See accompanying notes to the basic financial statements

WADSWORTH TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Wadsworth Township, Medina County, Ohio (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 general governmental services, including road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the City of Wadsworth to provide fire and ambulance services to the residents of the Township.

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 (ie. 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 Cash Equivalents

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

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.

WADSWORTH TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

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

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 and intergovernmental revenue money to construct, maintain and repair Township roads and bridges.

Gasoline Tax Fund – This fund receives gasoline tax money to construct, maintain, and repair Township roads.

Fire Levy Fund – This fund receives property tax and intergovernmental revenue money to provide fire protection to Township residents.

E. Budgetary Process

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

Appropriations - Budgetary expenditures (disbursements and encumbrances) may not exceed appropriations at the legal level of control which has been established at the fund level. 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.

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.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

WADSWORTH TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

2. **EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$161,233	\$141,867
Certificates of deposit	700,000	700,000
Total Deposits	<u>861,233</u>	<u>841,867</u>
STAR Ohio	928,186	783,439
Total Deposits and Investments	<u>\$1,789,419</u>	<u>\$1,625,306</u>

Deposits

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

Investments

The Township has invested in STAR Ohio. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

WADSWORTH TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2007 and December 31, 2006 was as follows:

2007 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$497,493	\$495,761	(\$1,732)
Special Revenue	654,348	539,554	(114,794)
Total	\$1,151,841	\$1,035,315	(\$116,526)

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$700,000	\$371,588	\$328,412
Special Revenue	706,188	496,738	209,450
Total	\$1,406,188	\$868,326	\$537,863

2006 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$460,823	\$466,951	\$6,128
Special Revenue	599,355	606,672	7,320
Total	\$1,060,175	\$1,073,624	\$13,448

WADSWORTH TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

3. **BUDGETARY ACTIVITY** (continued)

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$644,000	\$383,135	\$260,865
Special Revenue	782,142	517,710	264,432
Total	<u>\$1,426,142</u>	<u>\$900,845</u>	<u>\$525,297</u>

4. **PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 property located within the Township.

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

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

5. **RETIREMENT SYSTEMS**

Employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer defined pension plan. This plan provides retirement benefits, including postretirement healthcare and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to: 277 East Town Street, Columbus, Ohio 43215 or by calling 614-466-2085 or 1-800-222-PERS (7377).

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, PERS members contributed 9.5% and 9.0% of their gross salaries respectively. The Township contributed an amount equal to 10.85% and 10.70% of participants' gross salaries for 2007 and 2006 respectively. The Township has paid all contributions required through December 31, 2007.

WADSWORTH TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

6. **RELATED PARTY TRANSACTIONS**

The Township was provided with excavating services from Keiper Excavating, which is owned by a board of zoning appeals member. Such services totaled \$4,092.50 for the year ended December 31, 2006 and \$842.50 for the year ending December 31, 2007. As of December 31, 2007 there are no amounts due to Keiper Excavating.

7. **RISK MANAGEMENT**

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Wadsworth Township, Medina County
PO Box 614
Wadsworth, OH 44282

To the Township Trustees:

We have audited the financial statements of Wadsworth Township, Medina County (the Township) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated January 23, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than the accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Wadsworth Township
Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements performed in
Accordance with *Government Auditing Standards*
Page 2

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

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to Management of the Township, in a separate letter dated January 23, 2009.

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

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

January 23, 2009



Mary Taylor, CPA
Auditor of State

WADSWORTH TOWNSHIP

MEDINA 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
MARCH 24, 2009