



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WADSWORTH TOWNSHIP
MEDINA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Wadsworth Township
Medina County
P.O. Box 614
Wadsworth, Ohio 44282

To the Board of Trustees:

We have audited the accompanying financial statements of Wadsworth Township, Medina County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provide a reasonable basis for our opinion.

As described 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 Wadsworth Township, Medina County, as of December 31, 1999 and 1998, 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 December 4, 2000 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. The 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 audits.

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

Jim Petro
Auditor of State

December 4, 2000

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WADSWORTH TOWNSHIP
MEDINA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$114,456	\$256,359		\$370,815
Licenses, Permits and Fees		6,986		6,986
Intergovernmental	153,831	92,453	\$59,214	305,498
Earnings on Investments	31,674	1,198		32,872
Other	64,730			64,730
Total Cash Receipts	<u>364,691</u>	<u>356,996</u>	<u>59,214</u>	<u>780,901</u>
Cash Disbursements:				
Current:				
General Government	86,108	11,174		97,282
Public Safety	912	151,301		152,213
Public Works	5,004	176,517	27,726	209,247
Health	13,674			13,674
Miscellaneous	571			571
Capital Outlay	57,869			57,869
Total Cash Disbursements	<u>164,138</u>	<u>338,992</u>	<u>27,726</u>	<u>530,856</u>
Total Cash Receipts Over Cash Disbursements	200,553	18,004	31,488	250,045
Fund Cash Balances, January 1	486,289	80,903		567,192
Fund Cash Balances, December 31	<u>\$686,842</u>	<u>\$98,907</u>	<u>\$31,488</u>	<u>\$817,237</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$163</u>	<u>\$0</u>	<u>\$163</u>

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

**WADSWORTH TOWNSHIP
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$110,165	\$208,799	\$318,964
Licenses, Permits and Fees		7,518	7,518
Intergovernmental	154,201	86,505	240,706
Earnings on Investments	25,459	1,372	26,831
Other	15,725		15,725
Total Cash Receipts	305,550	304,194	609,744
Cash Disbursements:			
Current:			
General Government	84,559	9,329	93,888
Public Safety	874	105,009	105,883
Public Works	10,881	242,962	253,843
Health	13,492		13,492
Miscellaneous	571		571
Capital Outlay	3,135		3,135
Total Cash Disbursements	113,512	357,300	470,812
Total Cash Receipts Over/(Under) Cash Disbursements	192,038	(53,106)	138,932
Other Financing Receipts (Uses):			
Operating Transfer In		50,000	50,000
Operating Transfer Out	(50,000)		(50,000)
Total Other Financing Receipts/(Disbursements)	(50,000)	50,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Uses	142,038	(3,106)	138,932
Fund Cash Balances, January 1	344,251	84,009	428,260
Fund Cash Balances, December 31	\$486,289	\$80,903	\$567,192
Reserve for Encumbrances, December 31	\$0	\$108	\$108

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

**WADSWORTH TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998**

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 emergency protection 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 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 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. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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. During 1999, the Township invested funds in short-term repurchase agreements through a cash management program offered by a local bank.

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 by law or contract to be restricted.

**WADSWORTH TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Fund Accounting - (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:

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

Road and Bridge Fund - This fund receives property taxes and intergovernmental receipts for constructing, maintaining and repairing Township roads.

Fire Levy Fund - This fund receives real estate and property taxes and intergovernmental receipts to provide fire protection to Township residents.

Capital Projects Fund

This fund is 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 the following significant capital projects fund.

Issue II Local Support Fund - This fund receives State Issue II funds to be used for approved local capital projects.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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.

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.

**WADSWORTH TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. The Township did not encumber all commitments as required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick 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 are not reflected as liabilities under the cash basis of accounting used by the Township.

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>1999</u>	<u>1998</u>
Demand deposits	\$37,306	\$105,802
Certificates of deposit	400,000	100,000
Star Ohio	<u>379,931</u>	<u>361,390</u>
Total deposits and investments	<u>\$817,237</u>	<u>\$567,192</u>

Deposits

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

Investments

The Township invested in repurchase agreements during the accounting period. These investments are valued at cost.

**WADSWORTH TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$246,637	\$364,691	\$118,054
Special Revenue	341,000	356,996	15,996
Capital Projects	<u>59,214</u>	<u>59,214</u>	<u>0</u>
Total	<u>\$646,851</u>	<u>\$780,901</u>	<u>\$134,050</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$332,556	\$164,138	\$168,418
Special Revenue	406,000	339,155	66,845
Capital Projects	<u>40,000</u>	<u>27,726</u>	<u>12,274</u>
Total	<u>\$778,556</u>	<u>\$531,019</u>	<u>\$247,537</u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$230,797	\$305,550	\$74,753
Special Revenue	<u>296,320</u>	<u>354,194</u>	<u>57,874</u>
Total	<u>\$527,117</u>	<u>\$659,744</u>	<u>\$132,627</u>

**WADSWORTH TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

<u>1998 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$283,556	\$163,512	\$120,044
Special Revenue	<u>357,400</u>	<u>357,408</u>	<u>(8)</u>
Total	<u>\$640,956</u>	<u>\$520,920</u>	<u>\$120,036</u>

Contrary to Ohio Rev. Code Section 5705.41(D), the Township did not certify the availability of funds for certain expenditures during 1999 and 1998.

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 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 with the County by each April 30.

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

5. RETIREMENT SYSTEM

The 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 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 1999 and 1998, 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, 1999.

**WADSWORTH TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998
(Continued)**

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- | | |
|--|------------------------------|
| -Property | -Vehicles |
| -General liability | -Public officials liability |
| -Commercial inland marine | -Employers liability |
| -Health and dental (full-time employees) | -Employee benefits liability |



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

Wadsworth Township
Medina County
P.O. Box 614
Wadsworth, Ohio 44282

To the Board of Trustees:

We have audited the financial statements of Wadsworth Township, Medina County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated December 4, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 1999-40952-001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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.

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

Jim Petro
Auditor of State

December 4, 2000

**WADSWORTH TOWNSHIP
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40952-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two “exceptions” to the above requirements:

- a. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- b. If the amount involved is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

During 1999 and 1998, 23 percent of the expenditures tested (14 out of 60) were not certified by the Township Clerk prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance. The Township should inform all Township employees of the requirements of Ohio Revised Code Section 5705.41(D). The Township should implement the use of so called Then and Now Certificates and Blanket Certificates as further permitted by Ohio Revised Code Section 5707.41. However, such certification should only be used for recurring and reasonably predictable matters or emergency matters which may arise from time to time.



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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
JANUARY 02, 2001**