

**WADSWORTH TOWNSHIP  
MEDINA COUNTY**

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED  
DECEMBER 31, 2003 AND DECEMBER 31, 2002





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Wadsworth Township

We have reviewed the Independent Auditor's Report of Wadsworth Township, Medina County, prepared by Gary B. Fink & Associates, Inc. for the audit period January 1, 2002 through December 31, 2003. 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.

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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

December 17, 2004

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**WADSWORTH TOWNSHIP, OHIO  
MEDINA COUNTY  
FOR THE YEARS ENDED  
DECEMBER 31, 2003 AND DECEMBER 31, 2002**

**TABLE OF CONTENTS**

Independent Auditor's Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - December 31, 2003 .....	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - December 31, 2002 .....	4
Notes to the Financial Statements .....	5
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	11

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**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Wadsworth Township, Medina County  
220 Beechwood Drive  
Wadsworth, OH 44281

We have audited the accompanying financial statements of Wadsworth Township, Medina County (the Township), as of and for the years ended December 31, 2003 and December 31, 2002, as listed in the table of contents. 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 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of Wadsworth Township as of December 31, 2003 and December 31, 2002, and its 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 October 19, 2004 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. 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.

**INDEPENDENT AUDITOR'S REPORT** (continued)

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 those specified parties.



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

October 19, 2004



**Wadsworth Township, Ohio**  
**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, 2003**

	General	Special Revenue	Capital Projects	Total (Memorandum Only)
<b>Cash Receipts</b>				
Local Taxes	\$120,746	\$183,312	\$0	\$304,058
Intergovernmental	248,536	141,943	51,665	442,144
Licenses, Permits and Fees	0	7,000	0	7,000
Earnings on Investments	13,672	790	0	14,462
Other Revenue	21,174	0	0	21,174
<b>Total Cash Receipts</b>	<b>404,128</b>	<b>333,045</b>	<b>51,665</b>	<b>788,838</b>
<b>Cash Disbursements</b>				
<b>Current:</b>				
General Government	157,824	13,052	0	170,876
Public Safety	44,707	98,189	0	142,896
Public Works	9,460	185,936	0	195,396
Health	15,390	0	0	15,390
Miscellaneous	1,237	0	0	1,237
Capital Outlay	47,712	0	0	47,712
<b>Total Cash Disbursements</b>	<b>276,330</b>	<b>297,177</b>	<b>0</b>	<b>573,507</b>
<b>Total Receipts Over Disbursements</b>	<b>127,798</b>	<b>35,868</b>	<b>51,665</b>	<b>215,331</b>
<b>Fund Cash Balances, January 1, 2003</b>	<b>815,474</b>	<b>199,125</b>	<b>0</b>	<b>1,014,599</b>
<b>Fund Cash Balances, December 31, 2003</b>	<b>\$943,272</b>	<b>\$234,993</b>	<b>\$51,665</b>	<b>\$1,229,930</b>
<b>Reserve For Encumbrances</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

**Wadsworth Township, Ohio**  
**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, 2002**

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Local Taxes	\$122,791	\$187,444	\$310,235
Intergovernmental	174,300	132,328	306,628
Licenses, Permits and Fees	0	9,545	9,545
Earnings on Investments	17,174	969	18,143
Other Revenue	9,887	0	9,887
Total Cash Receipts	<u>324,152</u>	<u>330,286</u>	<u>654,438</u>
Cash Disbursements			
Current:			
General Government	130,236	12,774	143,010
Public Safety	43,102	98,086	141,188
Public Works	6,916	167,267	174,183
Health	14,942	0	14,942
Capital Outlay	68,426	0	68,426
Total Cash Disbursements	<u>263,622</u>	<u>278,127</u>	<u>541,749</u>
Total Receipts Over Disbursements	60,530	52,159	112,689
Other Financing Receipts/(Disbursements)			
Operating Transfers - In	0	55,000	55,000
Operating Transfers - Out	(55,000)	0	(55,000)
Total Other Financing Receipts/(Disbursements)	<u>(55,000)</u>	<u>55,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	5,530	107,159	112,689
Fund Cash Balances, January 1, 2002	<u>809,944</u>	<u>91,966</u>	<u>901,910</u>
Fund Cash Balances, December 31, 2002	<u>\$815,474</u>	<u>\$199,125</u>	<u>\$1,014,599</u>
Reserve For Encumbrances	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

WADSWORTH TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

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 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. During 2003 and 2002, the Township also 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:

WADSWORTH TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

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

**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.

**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.

**Capital Projects Funds** – These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township has the following significant capital projects fund:

Issue II Fund – This fund is used to account for projects financed with State Issue II monies in the Township.

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 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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

**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 2003 and 2002 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.

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>2003</u>	<u>2002</u>
Demand deposits	\$117,749	\$42,910
Certificates of deposit	600,000	560,000
Total Deposits	<u>717,749</u>	<u>602,910</u>
STAR Ohio	512,181	411,689
Total Deposits and Investments	<u>\$1,229,930</u>	<u>\$1,014,599</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 and repurchase agreements. 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, 2003 AND DECEMBER 31, 2002

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2003 and December 31, 2002 was as follows:

2003 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$356,647	\$404,128	\$47,481
Special Revenue	320,466	333,046	12,580
Capital Projects	51,665	51,665	0
Total	<u>\$728,778</u>	<u>\$788,839</u>	<u>\$60,061</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Encumbrances	Variance
General	\$603,000	\$276,330	\$0	\$326,670
Special Revenue	471,000	297,177	0	173,823
Capital Projects	0	0	0	0
Total	<u>\$1,074,000</u>	<u>\$573,507</u>	<u>\$0</u>	<u>\$500,493</u>

2002 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$326,770	\$324,152	(\$2,618)
Special Revenue	375,360	330,286	(45,074)
Total	<u>\$702,130</u>	<u>\$654,438</u>	<u>(\$47,692)</u>

WADSWORTH TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

3. **BUDGETARY ACTIVITY** (continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Encumbrances</u>	<u>Variance</u>
General	\$579,000	\$263,622	\$0	\$315,378
Special Revenue	412,000	278,127	0	133,873
Total	<u>\$991,000</u>	<u>\$541,749</u>	<u>\$0</u>	<u>\$449,251</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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003. The Township has paid all contributions required through December 31, 2003.

WADSWORTH TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

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

Board of Trustees  
Wadsworth Township, Medina County  
220 Beechwood Drive  
Wadsworth, OH 44281

We have audited the financial statements of Wadsworth Township, Medina County (the Township), as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated October 19, 2004. 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 and contracts, 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 that are required to be reported under *Government Auditing Standards*.

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 operations that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that we have reported to management of the Township, in a separate letter dated October 19, 2004.

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

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 those specified parties.



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

October 19, 2004



**Auditor of State  
Betty Montgomery**

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P.O. Box 1140  
Columbus, Ohio 43216-1140

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800-282-0370

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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  
DECEMBER 28, 2004**