



**WESTFIELD TOWNSHIP
MORROW COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006



Mary Taylor, CPA
Auditor of State

**WESTFIELD TOWNSHIP
MORROW COUNTY**

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Mary Taylor, CPA
Auditor of State

Westfield Township
Morrow County
848 County Road 21
Ashley, Ohio 43003

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 15, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Westfield Township
Morrow County
848 County Road 21
Ashley, Ohio 43003

To the Board of Trustees:

We have audited the accompanying financial statements of Westfield Township, Morrow County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's 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 townships to reformat their statements. The Township has elected not to follow GAAP statement 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 two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 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 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 of Westfield Township, Morrow County, Ohio, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 August 15, 2008, 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 opine 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.



Mary Taylor, CPA
Auditor of State

August 15, 2008

**WESTFIELD TOWNSHIP
MORROW COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 26,454	\$ 42,760	\$ 69,214
Licenses, Permits, and Fees	1,355	-	1,355
Intergovernmental	51,947	95,164	147,111
Earnings on Investments	8,653	6,341	14,994
Miscellaneous	137	150	287
	<u>88,546</u>	<u>144,415</u>	<u>232,961</u>
Cash Disbursements:			
Current:			
General Government	57,019	-	57,019
Public Safety	748	-	748
Public Works	-	89,727	89,727
Health	21,274	50	21,324
Capital Outlay	1,333	216	1,549
	<u>80,374</u>	<u>89,993</u>	<u>170,367</u>
Total Receipts Over Disbursements	<u>8,172</u>	<u>54,422</u>	<u>62,594</u>
Fund Cash Balances, January 1, 2007	<u>201,789</u>	<u>156,182</u>	<u>357,971</u>
Fund Cash Balances, December 31, 2007	<u>\$ 209,961</u>	<u>\$ 210,604</u>	<u>\$ 420,565</u>

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

**WESTFIELD TOWNSHIP
MORROW COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 29,368	\$ 42,151	\$ 71,519
Licenses, Permits, and Fees	6,933	-	6,933
Intergovernmental	15,733	98,084	113,817
Earnings on Investments	9,091	3,555	12,646
Miscellaneous	15	-	15
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	61,140	143,790	204,930
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	57,060	-	57,060
Public Safety	748	917	1,665
Public Works	-	84,944	84,944
Health	26,490	-	26,490
Capital Outlay	1,950	-	1,950
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	86,248	85,861	172,109
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(25,108)	57,929	32,821
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Other Financing Sources	80	-	80
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements	(25,028)	57,929	32,901
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1, 2006	226,817	98,253	325,070
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 2006	<u>\$ 201,789</u>	<u>\$ 156,182</u>	<u>\$ 357,971</u>

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

**WESTFIELD TOWNSHIP
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Westfield Township, Morrow County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, and cemetery maintenance. The Township along with two other townships, Peru Township in Morrow County, Oxford Township, in Delaware County, and a village, the Village of Ashley, form the Elm Valley Fire District to provide fire protection.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

**WESTFIELD TOWNSHIP
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. Equity in Pooled Cash and Investments

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

**WESTFIELD TOWNSHIP
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. Equity in Pooled Cash and Investments (Continued)

	2007	2006
Demand deposits	\$130,306	\$81,964
STAR Ohio	290,259	276,007
Total deposits and investments	420,565	357,971

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,000	\$88,546	\$38,546
Special Revenue	137,600	144,415	6,815
Total	\$187,600	\$232,961	\$45,361

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$250,607	\$80,374	\$170,233
Special Revenue	292,890	89,993	202,897
Total	\$543,497	\$170,367	\$373,130

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,632	\$61,220	\$12,588
Special Revenue	129,000	143,790	14,790
Total	\$177,632	\$205,010	\$27,378

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$275,026	\$86,248	\$188,778
Special Revenue	226,025	85,861	140,164
Total	\$501,051	\$172,109	\$328,942

**WESTFIELD TOWNSHIP
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. Property Tax

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

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

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

5. Retirement System

The Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85% and 13.70%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

6. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Wrongful acts.

7. Jointly Governed Organization

The Westfield Township along with Peru Township in Morrow County, Oxford Township in Delaware County, and the Village of Ashley appoint one member to the Board of Trustees to the Elm Valley Joint Fire District. The joint fire district provides fire protection and rescue services within the Township.



Mary Taylor, CPA

Auditor of State

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

Westfield Township
Morrow County
848 County Road 21
Ashley, Ohio 43003

To the Board of Trustees:

We have audited the financial statements of the Westfield Township, Morrow County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 15, 2008, 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 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. . However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding number 2007-001 is also a material weakness.

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated August 15, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 15, 2008.

We intend this report solely for the information and use of the audit committee, Board of Trustees and management. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 15, 2008

**WESTFIELD TOWNSHIP
MORROW COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Significant Deficiency/Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following reclassification and audit adjustments were made to the December 31, 2007 and 2006 financial statements and the Township's accounting records.

1. A reclassification of \$8,920 was made to accurately report estate tax and other property tax allocations as property and other taxes rather than intergovernmental receipts in the General Fund for December 31, 2007.
2. Adjustments for \$21,578 at December 31, 2007 and \$6,365 at December 31, 2006 were made to move trustee salaries paid from the Gasoline Tax Fund to the General Fund due to the Township's non-compliance with Ohio Revised Code § 505.24(C) and 2004 Op. Atty. Gen. No. 2004-036. See finding number 2007-002.

The following adjustments and reclassifications were inconsequential to the overall financial statements of the Township and were not posted to the December 31, 2007 and 2006 financial statements.

1. Adjustments of \$883 in the General Fund and \$760 in the Special Revenue Funds to properly report real estate taxes at gross rather than at net.
2. Reclassifications to accurately report other property tax allocations from property and other taxes to intergovernmental receipts in the Special Revenue Fund on December 31, 2007 and 2006 for \$1,808 and \$1,765 respectively. The same reclassification was noted on December 31, 2007 in the General Fund for \$2,911.

To ensure the Township's financial statements and notes to the statements are complete and accurate the Township should adopt policies and procedures, including a final review of the financial statements and note disclosures by the clerk and the Board of Trustees, to identify and correct errors and omissions. The Township should also adopt policies and procedures over the posting of transactions to the accounting system for accuracy.

FINDING NUMBER 2007-002

Noncompliance Citation

Ohio Rev. Code Section § 505.24(C) sets forth the method by which Township trustees' compensation should be allocated. This section states that the amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid only from the Township general fund or from funds in proportions as the Board may specify by resolution.

**WESTFIELD TOWNSHIP
MORROW COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2007-002
(Continued)**

Noncompliance Citation

In addition, **2004 Op. Att’y Gen. No. 2004-036** requires the trustees to establish administrative procedures to document the proportionate amount chargeable to other Township funds based on the kinds of services rendered when trustee salaries are not paid from the general fund. The “administrative procedures” can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on Township business and the type of service performed, in a manner similar to trustees’ paid per diem compensation. If trustees do not document their time, then no part of salaries may be paid from these other funds.

During the audit for the years ending December 31, 2005 and 2004 the Township was notified of this requirement in a management letter dated April 24, 2006.

Eighty-three percent of the trustees’ salaries in 2007 and twenty-five percent of trustees’ salaries in 2006 were allocated and paid from the Gasoline Tax Fund per formal resolutions approved by the Board of Trustees, but documentation was not provided to support the time spent on road projects and other Township matters. As a result, as noted in Finding 2007-001, the audited financial statements and the Township accounting records have been adjusted to increase General Fund expenditures and decrease Gasoline Tax Fund expenditures in 2007 and 2006 by \$21,578 and \$6,365 respectively.

We recommend the Trustees adopt an annual resolution that authorizes their salaries to be paid from funds other than the General Fund. The resolution should specify the Township will allocate the salaries based on documentation the Trustees submit, not percentages a resolution specifies, and include the records to be maintained of the time spent on the tasks, the method by which each Trustee is to notify the clerk of the number of days spent, and the funds the Trustees will charge their costs.

Officials’ Response:

We did not receive a response from officials to the findings reported above.

**WESTFIELD TOWNSHIP
MORROW COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Ohio Rev. Code § 5705.41 (D) , no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer has been appropriated.	No	Reissued in the management letter
2005-001	Ohio Rev. Code § 5735.29 , Township shall use 90% of all Fuel Excise Taxes to supplement, rather than supplant other local funds used for highway-related purposes.	Yes	Finding No Longer Valid



Mary Taylor, CPA
Auditor of State

WESTFIELD TOWNSHIP

MORROW 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
SEPTEMBER 16, 2008**