



Dave Yost • Auditor of State

WESTFIELD TOWNSHIP
MEDINA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Westfield Township
Medina County
6699 Buffham Road
Seville, Ohio 44273

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Westfield Township, Medina County, Ohio (the Township) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Westfield Township, Medina County, Ohio, as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 13, 2017

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$54,700	\$168,661	\$223,361
Charges for Services		8,930	8,930
Licenses, Permits and Fees	6,799	2,156	8,955
Intergovernmental	38,557	146,491	185,048
Earnings on Investments	1,658		1,658
Miscellaneous	82,955	7,480	90,435
<i>Total Cash Receipts</i>	<u>184,669</u>	<u>333,718</u>	<u>518,387</u>
Cash Disbursements			
Current:			
General Government	163,762	1,491	165,253
Public Safety	732		732
Public Works		280,701	280,701
Health		6,133	6,133
Conservation-Recreation	5,799		5,799
Capital Outlay	239,869	2,483	242,352
Debt Service:			
Interest and Fiscal Charges	154		154
<i>Total Cash Disbursements</i>	<u>410,316</u>	<u>290,808</u>	<u>701,124</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(225,647)</u>	<u>42,910</u>	<u>(182,737)</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	6,454	5,944	12,398
Other Financing Uses	(377)		(377)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>6,077</u>	<u>5,944</u>	<u>12,021</u>
<i>Net Change in Fund Cash Balances</i>	(219,570)	48,854	(170,716)
<i>Fund Cash Balances, January 1</i>	<u>460,165</u>	<u>162,150</u>	<u>622,315</u>
Fund Cash Balances, December 31			
Restricted		211,004	211,004
Assigned	1,650		1,650
Unassigned	238,945		238,945
<i>Fund Cash Balances, December 31</i>	<u>\$240,595</u>	<u>\$211,004</u>	<u>\$451,599</u>

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

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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 Westfield Township, Medina County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides cemetery maintenance and road and bridge maintenance. Fire and emergency medical services are provided to the Township by the Westfield Fire and Rescue District. Police protection is provided by the Medina County Sheriff.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 5 to the financial statements provides additional information for this entity.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits 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.

The Township's cash is maintained in a checking account and Certificates of Deposits.

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 accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Motor Vehicle Tax – This fund receives motor vehicle tax money from the State and County's motor vehicle tax for constructing, maintaining and repairing Township roads and bridges.

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

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

Permissive Motor Vehicle Tax Fund - This fund receives permissive motor vehicle tax money levied by the County and the Township for constructing, maintaining, and repairing Township roads and bridges.

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 fund, function, object level and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. 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 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 carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

1. Summary of Significant Accounting Policies (continued)

F. Capital Assets

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2016
Demand deposits	\$202,268
Certificates of deposit	249,331
Total deposits	\$451,599

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

3. Budgetary Activity

Budgetary activity for the year ended December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$155,999	\$191,123	\$35,124
Special Revenue	319,000	339,662	20,662
Total	\$474,999	\$530,785	\$55,786

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$606,109	\$412,343	\$193,766
Special Revenue	424,056	290,808	133,248
Total	\$1,030,165	\$703,151	\$327,014

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.

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

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

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

5. Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016, respectively, the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

5. Risk Management (continued)

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA in 2016

\$5,867

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

6. Retirement System

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS), except the zoning commission and zoning board of appeals. 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 2016, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Social Security

The Township's zoning commission and zoning board of appeals contributed to social security. There were 13 employees for the given year of 2016. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

7. Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

8. Contingent Liabilities

The Township is defendant in one lawsuit related to the Township zoning. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially affect the Township's financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

8. Related Organizations

In the November 2012 general election, the electors of Westfield Township decided to form a separate fire District. The Westfield Fire and Rescue District (the District) began operations on January 1, 2013. The Township trustees also serve on the Board of Trustees for the District but the Township is not financially responsible for the District.

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$55,830	\$164,896	\$220,726
Charges for Services		707	707
Licenses, Permits and Fees	1,808	1,705	3,513
Intergovernmental	60,016	147,561	207,577
Earnings on Investments	1,455	376	1,831
Miscellaneous	43,669	16,888	60,557
<i>Total Cash Receipts</i>	<u>162,778</u>	<u>332,133</u>	<u>494,911</u>
Cash Disbursements			
Current:			
General Government	148,875		148,875
Public Safety	1,042	900	1,942
Public Works		284,383	284,383
Health		7,065	7,065
Conservation-Recreation	1,550		1,550
Capital Outlay	129,581	13,197	142,778
<i>Total Cash Disbursements</i>	<u>281,048</u>	<u>305,545</u>	<u>586,593</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(118,270)</u>	<u>26,588</u>	<u>(91,682)</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	170,000		170,000
Transfers In		9,000	9,000
Transfers Out	(9,000)		(9,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>161,000</u>	<u>9,000</u>	<u>170,000</u>
<i>Net Change in Fund Cash Balances</i>	42,730	35,588	78,318
<i>Fund Cash Balances, January 1</i>	<u>417,435</u>	<u>126,562</u>	<u>543,997</u>
Fund Cash Balances, December 31			
Restricted		162,150	162,150
Assigned	160,590		160,590
Unassigned	299,575		299,575
<i>Fund Cash Balances, December 31</i>	<u>\$460,165</u>	<u>\$162,150</u>	<u>\$622,315</u>

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

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 Westfield Township, Medina County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides cemetery maintenance and road and bridge maintenance. Fire and emergency medical services are provided to the Township by the Westfield Fire and Rescue District. Police protection is provided by the Medina County Sheriff.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 5 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits 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.

The Township's cash is maintained in a checking account and Certificates of Deposits.

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 accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Motor Vehicle Tax – This fund receives motor vehicle tax money from the State and County's motor vehicle tax for constructing, maintaining and repairing Township roads and bridges.

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

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

Permissive Motor Vehicle Tax Fund - This fund receives permissive motor vehicle tax money levied by the County and the Township for constructing, maintaining, and repairing Township roads and bridges.

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 fund, function, object level and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. 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 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 carried over, and need not be reappropriated.

A summary of 2015 budgetary activity appears in Note 3.

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

1. Summary of Significant Accounting Policies (continued)

F. Capital Assets

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2015
Demand deposits	\$435,305
Certificates of deposit	187,010
Total deposits	\$622,315

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

3. Budgetary Activity

Budgetary activity for the year ended December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$284,746	\$332,778	\$48,032
Special Revenue	317,900	341,133	23,233
Total	\$602,646	\$673,911	\$71,265

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$480,011	\$294,725	\$185,286
Special Revenue	437,651	331,136	106,515
Total	\$917,662	\$625,861	\$291,801

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.

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

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

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

5. Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015.

	<u>2015</u>
Assets	\$37,313,311
Liabilities	8,418,518
Net Position	\$28,894,793

At December 31, 2015, respectively, the liabilities above include approximately \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$7.7 million of unpaid claims to be billed to approximately 989 member governments in the future, as of December 31, 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

5. Risk Management (continued)

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA in 2015

\$6,308

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

6. Retirement System

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS), except the zoning commission and zoning board of appeals. 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 2015, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

Social Security

The Township's zoning commission and zoning board of appeals contributed to social security. There were 15 employees for the given year of 2015. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

7. Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

8. Contingent Liabilities

The Township is defendant in one lawsuit related to the Township zoning. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially affect the Township's financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

8. Related Organizations

In the November 2012 general election, the electors of Westfield Township decided to form a separate fire District. The Westfield Fire and Rescue District (the District) began operations on January 1, 2013. The Township trustees also serve on the Board of Trustees for the District but the Township is not financially responsible for the District.



Dave Yost • Auditor of State

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

Westfield Township
Medina County
6699 Buffham Road
Seville, Ohio 44273

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Westfield Township, Medina County, Ohio (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2017 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-002 through 2016-004 to be material weaknesses.

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, opining 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 2016-001.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

December 13, 2017

**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Noncompliance Finding

Finding for Recovery – Repaid Under Audit - Officials' Salaries and Healthcare Insurance Reimbursements

Ohio Rev. Code §505.24 and **507.09** sets the maximum amounts for trustee and fiscal officer salaries based on the annual budget of the Township.

Additionally, **Ohio Rev. Code § 505.60** provides that a board of township trustees may procure and pay all or any part of the cost of insurance policies which provide specific types of hospitalization and related benefits for officers and employees of the township. Section 505.601 indicates if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium amount attributable to the coverage provided for that officer or employee for insurance benefits described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all the following conditions are met:

- A. The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium attributable to the coverage provided for them for insurance benefits described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.
- B. That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.
- C. That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

The following overpayments were noted with respect to the Township's Officials' salaries and reimbursements for health care expenses:

	Fiscal Officer, Kathy Zweifel	Trustee James Likley	Trustee Michael Schmidt	Trustee William Thombs
2015 Salary	\$354	\$107	\$107	\$107
2016 Salary	589	225	214	214
2015 Healthcare Reimbursement	-	-	197	183
Total Overpayment	\$943	\$332	\$518	\$504

FINDING NUMBER 2016-001 (Continued)

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued as follows and in favor of the Westfield Township's General Fund:

- Kathy Zweifel in the amount of \$943;
- James Likley in the amount of \$332;
- Michael Schmidt in the amount of \$518; and
- William Thombs in the amount of \$504.

The Township was reimbursed as follows:

- \$500 on November 6, 2017 and \$443 on November 21, 2017 for a total of \$943 by Kathy Zweifel;
- \$332 on October 26, 2017 by James Likley;
- \$518 on November 14, 2017 by Michael Schmidt; and
- \$504 on November 21, 2017 by William Thombs

Officials' Response: The Township acknowledged the finding and all amounts were repaid November 2017.

FINDING NUMBER 2016-002

Material Weakness - Financial Statement Adjustments

Management is responsible for implementing and maintaining an internal control system designed to enable management to determine the accuracy of the Township's financial statement transactions. Also, management is responsible for developing and maintaining complete and accurate financial records.

The following financial statement errors were identified and adjusted to the financial statements by management:

- Sale of fixed assets were understated by \$170,000 in the General Fund and miscellaneous receipts in the Special Revenue Funds was overstated by an equal amount for 2015. This error was identified by management in 2016 and corrected in UAN.
- During 2015, Westfield Fire and Rescue District receipts totaling \$21,954 were deposited into the Township's bank account and posted to the Township's accounting system overstating property and other local taxes and miscellaneous receipts in the General Fund of \$10,992 and \$10,962, respectively. This error was identified by management in 2016 and corrected with payment to the Westfield Fire and Rescue District but resulted in an overstatement of General Fund general government disbursements of \$21,954.
- During 2016, Westfield Fire and Rescue District receipts totaling \$10,978 were deposited into the Township's bank account and posted to the Township's accounting system overstating miscellaneous receipts in the General Fund of \$10,978. This error was identified by management and corrected with payment to the Westfield Fire and Rescue District but resulted in an overstatement of General Fund general government disbursement of \$10,978.

FINDING NUMBER 2016-002 (Continued)

- Homestead and rollback receipts totaling \$3,113 and 11,933 in 2016 and \$6,244 and \$12,025 in 2015 were improperly posted as property and other local taxes in the General Fund and Special Revenue Funds, respectively, overstating property and other local taxes and understating intergovernmental receipts in 2016 and 2015.
- In 2016 and 2015, property tax receipts totaling \$6,561 and \$12,600, respectively, were improperly posted to the General Fund instead of the Special Revenue Funds overstating property and other local taxes in the General Fund and understating property and other local taxes in the Special Revenue Funds.
- Property tax receipts were recorded at net distribution in the General Fund and Special Revenue Funds understating property and other local taxes by \$1,451 and \$1,491, respectively, in 2016 and understating property and other local taxes by \$809 and \$2,733, respectively, in 2015. Related disbursements were also understated in each fund for 2016 and 2015 by equal amounts.
- Estate tax receipts were recorded at net distribution in the General fund understating intergovernmental receipts and related disbursements each by \$2,527 in 2015.
- In 2016, motor vehicle license receipts totaling \$266 were improperly posted as interest in the Special Revenue Funds overstating interest receipts and understating intergovernmental receipts.
- In 2015, various homestead and rollback, gas tax, cents per gallon, motor vehicle license, and permissive motor vehicle license receipts totaling \$34,457 were improperly posted overstating property and other local taxes in the General Fund and understating intergovernmental receipts in the Special Revenue Funds. An additional \$4,643 in local government receipts were improperly posted overstating property and other local taxes and understating intergovernmental receipts in the General Fund.
- In 2015, a permissive motor vehicle license receipt totaling \$2,124 was improperly posted as a transfer in overstating transfers in and understating intergovernmental receipts in the Special Revenue Funds.

Failure to accurately record accounting transactions could result in inaccurate financial reporting.

The Township should exercise due care when posting transactions to help ensure receipts are posted to proper accounts and funds. Additionally, Trustees should review monthly receipt activity reports to help ensure transactions are properly classified and consistent with management's expectations. This will help more accurately reflect the Township's financial activity and will aid in more accurate financial reporting.

Officials' Response: The Township acknowledged and corrected this finding December 2017.

FINDING NUMBER 2016-003

Material Weakness - Bank Reconciliations

A necessary step in the internal control over financial reporting is to reconcile the bank balance to the accounting record's cash balance. Bank Reconciliation means accounting for the differences between the bank statements' balances and the cash and investment balances according to the entity's records at a specific point in time.

The following adjustments were identified by management in 2016 and made to the Township's December 31, 2015 fiscal year-end bank reconciliation:

- Receipts totaling \$18,231 were deposited into the bank but not posted to the Township's accounting system.
- Receipts totaling \$2,682 were duplicate receipt postings in the Township's accounting system.
- Expenditures totaling \$13,069 cleared the bank but were not posted to the Township's accounting system.
- Four checks totaling \$2,764 had cleared the bank prior to December 31, 2015 and were improperly included on the December 31, 2015 outstanding check list.

Additionally, month-end bank reconciliations for January 2016 through May 2016 were not completed until June 2016.

Without complete and accurate monthly bank reconciliations, the Township's internal controls are significantly weakened which could hinder management's timely detection of errors or irregularities. Adjustments to the financial statements were made to correct the aforementioned items.

The Township should complete monthly bank reconciliations in a timely manner. All unreconciled differences should be resolved as quickly as possible so they are not carried forward month-to-month and all reconciling matters should be appropriately documented.

Officials' Response: The Township acknowledged this finding and then corrected it June 2016.

FINDING NUMBER 2016-004

Material Weakness - Receipt Controls

Receipt cycle internal controls are necessary to help ensure receipts collected by an entity are properly posted to the accounting system and timely deposited with the entity's financial institution. Basic receipt internal controls should include, but not be limited to, use of secured accounting software, pre-numbered duplicate receipts, date stamps, batch report summaries, and daily reconciliations of deposit tickets to receipt postings. Additionally, the process and records should be periodically reviewed by individuals independent of the receipt process to ensure it is functioning properly.

FINDING NUMBER 2016-004

Our testing of receipts revealed the following conditions which increase the risk of errors and/or omissions occurring related to receipts as well as the potential for the misappropriation of public funds:

- During 2015 and 2016, various taxes, intergovernmental, zoning, town hall rentals, and other miscellaneous receipts were not posted to the Township's accounting system for periods ranging from 11 to 269 days after receipt.
- The township did not maintain a duplicate receipt book for town hall rentals for the period of January 1, 2016 through May 31, 2016.
- The Zoning Secretary collects zoning receipts, and remits them to the Fiscal Officer. However, the Fiscal Officer does not use a date stamp to document the date received from the Zoning Secretary.

Failure to implement internal controls over receipt collections could result in improper transaction posting, financial statement errors, theft and/or loss of public funds.

The individuals collecting receipts related to town hall rentals should issue pre-numbered duplicate receipts for each hall rental. Carbon copies of all duplicate receipts should be maintained by the Township and any original receipts voided should be appropriately marked and retained. In addition, receipts should be date stamped when received so management can monitor their timely deposit. These procedures will help ensure all revenues are properly collected, recorded, and deposited.

Officials' Response: The Township acknowledged this finding and then corrected it June 2016.

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**WESTFIELD TOWNSHIP
MEDINA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Significant Deficiency / Noncompliance Finding – Public Records The Township did not maintain adequate supporting documentation for various transactions.	Yes	Finding No Longer Valid

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WESTFIELD 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 26, 2017