



**Mary Taylor, CPA**  
Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Wadsworth Township  
Medina County  
PO Box 614  
320 Chestnut Street  
Wadsworth, Ohio 44282

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Wadsworth Township, Medina County, Ohio, (the Township) agreed, solely to assist the Board in evaluating certain receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2009 and 2008, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants' and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2009 and December 31, 2008 bank reconciliations. We found no exceptions.
2. We agreed the totals per the bank reconciliations to the total of December 31, 2009 and 2008 fund cash balances reported in the Fund Status Reports. The amounts agreed.
3. We observed the December 31, 2009, bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2009 bank reconciliation without exception.
4. We selected five outstanding checks haphazardly from the December 31, 2009 bank reconciliation:
  - a. We traced each check to the debit appearing in the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.

**Cash and Investments (Continued)**

5. We tested interbank account transfers occurring in December of 2009 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
6. We tested investments held at December 31, 2009 and December 31, 2008 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code 135.13 or 135.14. We noted no exceptions.

**Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2009 and one from 2008.
  - a. We traced the amount from the *Statement* to the amount recorded in the Receipt Register Report. As a result of settlement deduction fees being posted to incorrect funds we noted in 2008, a net cash understatement of \$1,427.54 in the General Fund and a net cash overstatement in the Fire Levy Fund of \$1,427.54. In 2009, we noted a net cash overstatement in the General Fund of \$450.47; a net cash understatement in the Road & Bridge Fund of \$896.54; and a net cash overstatement in the Fire Levy Fund of \$446.07.  
**We recommend the Township correct its cash fund balances as follows:**

<u>Fund</u>	2008 Cash Increase <u>(Decrease)</u>	2009 Cash Increase <u>(Decrease)</u>	Total Cash Increase <u>(Decrease)</u>
General Fund	\$1,427.54	(\$450.47)	\$977.07
Fire Levy Fund	(1,427.54)	(446.07)	(1,873.61)
Road and Bridge Fund	0	896.54	896.54

On February 15, 2010, the Township posted these adjustments to their records.

- b. We determined whether the receipt was allocated to the proper fund(s) as required. We noted errors as stated in (a) above.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2009 and 2008:
  - i. Two personal property tax receipts We noted no exceptions.
  - ii. Two receipts for semi-annual tax settlements; We noted the Township's 2009 receipts consisted of three receipts for First Half advances, and three receipts for Second Half Advances; and the Township's 2008 receipts consisted of five receipts for First Half advances and three receipts for Second Half advances on taxes.

**Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (Continued)**

3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2009 and all receipts from the State Distribution Transaction Lists (DTL) from 2008. We also selected five receipts from the County Auditor's DTLs from 2009 and five from 2008.
  - a. We compared the amount from the DTL to the amount recorded in the Receipt Register Report. In 2008, we noted two errors that resulted in a General Fund overstatement of \$33,312.70; a Road & Bridge Fund understatement of \$16,090.85; a Fire Levy Fund understatement of \$17,221.85. These errors are related to Homestead and Rollback and Public Utility Deregulation distributions being posted to incorrect funds. **We recommend the Township correct its cash fund balances as follows:**

<u>Fund</u>	2008 Cash Increase <u>(Decrease)</u>
General Fund	(\$33,312.70)
Road & Bridge Fund	16,090.85
Fire Levy Fund	17,221.85

(These corrections are in addition to the corrections disclosed on the previous page)

On February 15, 2010, the Township posted these adjustments to their records.

- b. We determined whether these receipts were allocated to the proper fund(s). We found exceptions as noted in (a) above.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We examined the documentation for amounts paid from the City of Wadsworth for property taxes on annexed properties from 2007 that was due the township and paid during 2009 in the amount of \$41,410.50 and compared that amount to the amount in the Receipt Register Report. We found no exceptions.
5. We compared the amounts of interest received by the Township during 2008 to the Year-to-Date amounts reported on December 31, 2008 bank statements and bank notices for Certificates of Deposit maturing during the year. We found no exceptions.

**Debt**

We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2009 or 2008 or outstanding as of December 31, 2009 or 2008. We noted no new debt issuances, nor any debt payment activity during 2009 or 2008.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 from the Employee Detail Adjustment Report and determined whether the following information in the minute record was consistent with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Department(s) and fund(s) to which the check should be charged.
  - d. Retirement system participation and payroll withholding.
  - e. Federal, State & Local income tax withholding authorization and withholding.
  - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

**Payroll Cash Disbursements (Continued)**

2. For the checks we selected in step 1, we recomputed the gross and net pay amounts as follows:
  - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the minute record or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2009 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2009. We noted the following:

<u>Withholding</u>	<u>Date Due</u>	<u>Date Paid</u>	<u>Amount</u>
Federal income taxes	January 31, 2010	January 2, 2010	\$659.47
State income taxes	January 15, 2010	January 2, 2010	198.36
Local income tax	January 31, 2010	January 2, 2010	53.79
OPERS retirement (withholding plus employee share)	January 30, 2010	January 2, 2010	2,676.00

4. For the pay periods ended April 30, 2009 and May 31, 2010, we compared documentation and the recomputation supporting the allocation of Board salaries to the General Fund. We found no exceptions.

**Non-Payroll Cash Disbursements**

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2009 and ten from the year ended December 31, 2008 and determined whether:

- a. In our opinion, the disbursements were for a proper public purpose. We found no exceptions.
- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.

### Non-Payroll Cash Disbursements (Continued)

- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found one instance where the certification date was after the vendor invoice date and a *Then and Now Certificate* was not prepared. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should precede the invoice date. **We recommend the Township certify all expenditures pursuant to Ohio Rev. Code Section 5705.41(D).**

### Compliance – Budgetary

1. We compared the total from the last *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36, to the amounts recorded in the Revenue Status Report for the General Fund, Road and Bridge Fund, and Fire Levy Fund for the years ended December 31, 2009 and 2008. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund, Road and Bridge Fund, and Fire Levy Fund in 2009 and the General Fund in 2008. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$435,958, the Road and Bridge Fund of \$192,738, and the Fire Fund of \$308,000, respectively for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected General Fund of \$411,984, the Road and Bridge Fund of \$177,235, and the Fire Levy Fund of \$308,819, respectively. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$389,503 for 2008. However, the final *Amended Official Certificate of Estimated Resources* reflected General Fund of \$453,188. **The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the Amended Official Certificate of Estimated Resources to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.**
2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General Fund, Road and Bridge Fund, and Fire Levy Fund, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found all funds were only appropriated for the total fund, rather than the amount appropriated for “personal services,” as is required by Ohio Rev. Code Section 5705.38(C). **We recommend the Township appropriate each fund pursuant to Ohio Rev. Code Section 5705.38(C) requirements.**
3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2009 and 2008 for the following funds: General Fund, Road and Bridge Fund, and Fire Levy Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report, except for the General Fund in 2009 and 2008. The amount on the appropriation resolutions for the General Fund in 2009 and 2008 were \$710,000 and \$710,000, respectively. However the amounts recorded in the Appropriation Status report were \$711,000 and \$720,000 respectively. **The Fiscal Officer should only enter appropriation amounts in the Appropriation Status Report that have been formally approved by the Trustees. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status Report to amounts in the appropriation resolutions to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.**

#### **Compliance – Budgetary (Continued)**

4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources from Step 1 above. We compared total appropriations to total certified resources for the General Fund, Road and Bridge Fund, and Fire Levy Fund for the years ended December 31, 2009 and 2008. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2009 and 2008 for the General Fund, Road and Bridge Fund, and Fire Levy Fund, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2009 and 2008. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2009 and 2008 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$10,000 which Ohio Rev. Code Sections 5705.14 -- .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township did not establish these reserves.

#### **Compliance – Contracts & Expenditures**

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2009 and 2008 for procurements requiring competitive bidding under the following statutes:
  - a. Materials, machinery and tools used in constructing, maintaining and repairing roads and culverts, where costs exceeded \$25,000. (Ohio Rev. Code Section 5549.21)
  - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (Ohio Rev. Code Section 511.12)
  - c. Equipment for fire protection and communication costs exceeding \$50,000 (Ohio Rev. Code Sections 505.37 to 505.42)
  - d. Street lighting systems or improvement costs exceeding \$25,000 (Ohio Rev. Code Section 515.07)
  - e. Building modification costs exceeding \$25,000 to achieve energy savings (Ohio Rev. Code Section 505.264)
  - f. Private sewage collection tile costs exceeding \$25,000 (Ohio Rev. Code Sections 521.02 to 521.05)
  - g. Fire apparatus, mechanical resuscitators, other fire equipment, appliances, materials, fire hydrants, buildings, or fire-alarm communications equipment or service costs exceeding \$50,000 (Ohio Rev. Code Section 505.37(A))
2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2009 and 2008 to determine if the Township had road construction projects exceeding \$45,000 for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e. cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

**Compliance – Contracts & Expenditures (Continued)**

3. For the road maintenance project described in Step 1 above, we read the contract and noted that it required the contractor to pay prevailing wages to their employees as required by Ohio Rev. Code Sections 4115.04 and 4115.05. The contract included the Ohio Director of Commerce's schedule of prevailing rates.

**Officials' Response:** Management is aware of all issues presented and has corrected and will correct all errors. Management also wants to express appreciation for bringing these issues to our attention. Management is very interested in making certain all procedures are currently being done correctly to the best of our ability.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of those charged with governance and is not intended to be, and should not be used by anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

February 5, 2010





Mary Taylor, CPA  
Auditor of State

WADSWORTH TOWNSHIP

MEDINA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 18, 2010