

**WESTFIELD TOWNSHIP  
MEDINA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004 - 2003**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Westfield Township  
P.O. Box 788  
Westfield Center, Ohio 44251

We have reviewed the *Independent Accountants' Report* of Westfield Township, Medina County, prepared by Knox & Knox for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the AOS does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the AOS permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Westfield Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 19, 2006

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**WESTFIELD TOWNSHIP  
MEDINA COUNTY**

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# KNOX & KNOX

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Accountants and Consultants

## Independent Accountants' Report

Westfield Township  
Medina County  
6699 Buffham Road  
Seville OH 44273-8820

We have audited the accompanying financial statements of Westfield Township, Medina County, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared its 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. Although we cannot reasonably determine the effects on the financial statements of variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2004 and 2003. Instead of the combined funds the accompanying financial statements present for 2004 and 2003, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004 and 2003. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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 representation 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 paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Westfield Township's combined funds as of December 31, 2004 and 2003, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Westfield Township, Medina County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements, and reserves for encumbrances for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2004 and 2003. 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 a part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2006, on our consideration of Westfield Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Knox & Knox*

Orrville Ohio  
April 29, 2006



**WESTFIELD TOWNSHIP  
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Government Fund Types</b>		<b>Total (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 50,748	\$ 226,438	\$ 277,186
Intergovernmental	80,391	87,035	167,426
Charges for Services	1,051	9,340	10,391
Licenses, Permits, and Fees	500	8,953	9,453
Earnings on Investments	11,808	118	11,926
Other	45,109	1,811	46,920
Total Cash Receipts	189,607	333,695	523,302
<b>Cash Disbursements</b>			
Current			
General Government	113,900	10,467	124,367
Public Safety	90,411	74,636	165,047
Public Works		199,960	199,960
Health	10,616		10,616
Conservation - Recreation	6,534		6,534
Capital Outlay	28,550		28,550
Total Cash Disbursements	250,011	285,063	535,074
Total Cash Receipts Over/(Under) Cash Disbursements	<60,404>	48,632	<11,772>
<b>Other Financing Receipts/(Disbursements)</b>			
Transfers In		5,000	5,000
Transfers Out	<5,000>		<5,000>
Total Other Financing Receipts/(Disbursements)	<5,000>	5,000	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<65,404>	53,632	<11,772>
Fund Cash Balances, January 1	699,705	203,352	903,057
<b>Fund Cash Balances, December 31</b>	<b>\$634,301</b>	<b>\$ 256,984</b>	<b>\$ 891,285</b>
Reserve for Encumbrances, December 31	\$ 357	\$ 341	\$ 698

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

**WESTFIELD TOWNSHIP  
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Government Fund Types</b>		<b>Total (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 54,855	\$ 203,301	\$ 258,156
Intergovernmental	191,189	116,919	308,108
Charges for Services	12,426	17,629	30,055
Licenses, Permits, and Fees		7,010	7,010
Earnings on Investments	8,982	60	9,042
Other	18,333	8,164	26,497
Total Cash Receipts	285,785	353,083	638,868
<b>Cash Disbursements</b>			
Current			
General Government	91,552	11,457	103,009
Public Safety	70,776	64,746	135,522
Public Works		194,115	194,115
Health	2,675	465	3,140
Conservation - Recreation	10,037		10,037
Capital Outlay	54,438	1,181	55,619
Total Cash Disbursements	229,478	271,964	501,442
Total Cash Receipts Over Cash Disbursements	56,307	81,119	137,426
Fund Cash Balances, January 1	643,398	122,233	765,631
<b>Fund Cash Balances, December 31</b>	<b>\$ 699,705</b>	<b>\$ 203,352</b>	<b>\$ 903,057</b>
Reserve for Encumbrances, December 31	\$ 177	\$ 108	\$ 285

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

**WESTFIELD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Westfield Township, Medina County, Ohio (the Township) is a body of corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance. The Township has a contract with the Village of Westfield Center to jointly operate and provide fire protection and rescue services for the Township and the Village of Westfield Center.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

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

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as cash receipts. Gains or losses at the time of sale are recorded as cash receipts or cash disbursements, respectively.

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

**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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**WESTFIELD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

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

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

*Fire Fund* - This fund receives property tax revenue for the use of protection and emergency rescue services.

**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 or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**WESTFIELD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**2. EQUITY IN POOLED CASH**

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

	2004	2003
Demand deposits	\$ 7,467	\$ 7,173
STAR Ohio	883,818	895,884
 Total deposits and investments	 \$891,285	 \$903,057

**Deposits:** Deposits are either 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 ended December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 307,664	\$ 189,607	\$ <118,057>
Special Revenue	484,546	338,695	<145,851>
Total	\$ 792,210	\$ 528,302	\$ <263,908>
2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,007,453	\$ 255,368	\$ 752,085
Special Revenue	568,552	285,404	283,148
Total	\$ 1,576,005	\$ 540,772	\$1,035,233
2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 308,598	285,785	\$ <22,813>
Special Revenue	342,570	353,083	10,513
Total	\$ 651,168	\$ 638,868	\$ <12,300>

**WESTFIELD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 963,451	\$ 229,655	\$ 733,796
Special Revenue	455,689	272,072	183,617
Total	<u>\$1,419,140</u>	<u>\$ 501,727</u>	<u>\$ 917,413</u>

**4. NONCOMPLIANCE**

Contrary to the Ohio Rev. Code, appropriations exceeded total estimated resources in the General Fund during 2004 and 2003.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half 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.

**6. RETIREMENT SYSTEM**

All Township full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contributions rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Township has paid all contributions required through December 31, 2004.

**WESTFIELD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks.

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The insurance companies assume the risk of loss up to the limits of the Township's policies.

The Township also provides health insurance, life insurance, and disability coverage to full-time employees through a private carrier.

**8. JOINTLY GOVERNED ORGANIZATION**

Westfield Fire Department is a separate legal entity jointly governed by Westfield Township (the Township) and the Village of Westfield Center (the Village). Each governing entity separately appoints 2 representatives to the governing committee. The Village acts as fiscal agent, and all expenses associated with the Fire Department are distributed evenly between the Village and the Township, except 75% of the fuel and clothing which is paid by the Township. All property used by the Fire Department is jointly owned, and any revenues the Fire Department generates are split evenly between the Township and the Village.

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Accountants and Consultants

## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Westfield Township  
Medina County  
6699 Buffham Road  
Seville OH 44273-8820

We have audited the financial statements of Westfield Township, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 29, 2006, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Township in a separate letter dated April 29, 2006

### **Compliance**

As part of obtaining reasonable assurance about whether Westfield Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 2004-01. We also noted a certain immaterial instance of noncompliance that we have reported to the management of Westfield Township in a separate letter dated April 29, 2006.

Westfield Township  
Medina County  
Independent Accountants' Report on Internal Control and Compliance  
Page 2

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

*Knox & Knox*

Orrville, Ohio  
April 29, 2006

**WESTFIELD TOWNSHIP  
MEDINA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2004-01**

**Noncompliance Citation**

Ohio Revised Code Section 5705.39 requires that total appropriation from each fund not exceed total estimated resources from each fund. This section also requires the Township to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During fiscal years 2004 and 2003, total appropriations exceeded total estimated resources as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General Fund (2004)	\$1,007,369	\$1,007,453	\$ 84
General Fund (2003)	\$ 951,996	\$ 963,451	\$ 11,455

To avoid overspending the Township should not appropriate in excess of estimated resources.

**Management Response:**

The Township has implemented policies and procedures to prevent a reoccurrence.

**WESTFIELD TOWNSHIP  
MEDINA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-002	Ohio Rev. Code 5705.41(B) requires that no money is to be expended unless it has been appropriated.	Yes	



**Auditor of State  
Betty Montgomery**

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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  
AUGUST 1, 2006**