



**PROVIDENCE TOWNSHIP  
LUCAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008**



**Mary Taylor, CPA**  
Auditor of State



PROVIDENCE TOWNSHIP  
LUCAS COUNTY

TABLE OF CONTENTS

| TITLE   | PAGE |
|---|------|
| Cover Letter .....  | 1    |
| Independent Accountants' Report.....  | 3    |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - All Governmental Fund Types -<br>For the Year Ended December 31, 2008.....    | 5    |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - All Governmental Fund Types -<br>For the Year Ended December 31, 2007 .....   | 6    |
| Notes to the Financial Statements .....   | 7    |
| Independent Accountants' Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> ..... | 13   |
| Schedule of Findings .....  | 15   |
| Schedule of Prior Audit Findings .....  | 16   |

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Mary Taylor, CPA  
Auditor of State

Providence Township  
Lucas County  
13257 Perry Road  
Grand Rapids, Ohio 43522-9659

To the Board of Trustees:

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

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

September 4, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Providence Township  
Lucas County  
13257 Perry Road  
Grand Rapids, OH 43522-9659

To the Board of Trustees

We have audited the accompanying financial statements of Providence Township, Lucas County, (the Township) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township

has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Providence Township, Lucas County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

September 4, 2009



**PROVIDENCE TOWNSHIP  
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

|   | <u>Governmental Fund Types</u> |                            |                             | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|--------------------------------|----------------------------|-----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>   |                                |                            |                             |   |
| Property and Other Local Taxes  | \$121,952                      | \$359,081                  |                             | \$481,033                               |
| Charges for Services  | 102,454                        |                            |                             | 102,454                                 |
| Licenses, Permits, and Fees   | 3,974                          | 11,907                     |                             | 15,881                                  |
| Intergovernmental   | 170,568                        | 175,389                    | \$315,945                   | 661,902                                 |
| Earnings on Investments   | 2,416                          | 607                        |                             | 3,023                                   |
| Miscellaneous   | 3,224                          | 6,298                      |                             | 9,522                                   |
| <b>Total Cash Receipts</b>  | <u>404,588</u>                 | <u>553,282</u>             | <u>315,945</u>              | <u>1,273,815</u>                        |
| <b>Cash Disbursements:</b>  |                                |                            |                             |   |
| Current:  |                                |                            |                             |   |
| General Government  | 149,606                        |                            |                             | 149,606                                 |
| Public Safety   | 41,305                         | 161,751                    |                             | 203,056                                 |
| Public Works  | 159,353                        | 292,222                    |                             | 451,575                                 |
| Health  | 13,888                         | 16,072                     |                             | 29,960                                  |
| Conservation - Recreation   | 1,000                          |                            |                             | 1,000                                   |
| Capital Outlay  | 36,374                         | 38,673                     | 332,862                     | 407,909                                 |
| Debt Service:   |                                |                            |                             |   |
| Redemption of Principal   |                                | 41,773                     |                             | 41,773                                  |
| <b>Total Cash Disbursements</b>   | <u>401,526</u>                 | <u>550,491</u>             | <u>332,862</u>              | <u>1,284,879</u>                        |
| <b>Total Receipts Over/(Under) Disbursements</b>                                | <u>3,062</u>                   | <u>2,791</u>               | <u>(16,917)</u>             | <u>(11,064)</u>                         |
| <b>Other Financing Receipts:</b>  |                                |                            |                             |   |
| Other Debt Proceeds   |                                |                            | 16,917                      | 16,917                                  |
| Other Financing Sources   | 15,564                         |                            |                             | 15,564                                  |
| <b>Total Other Financing Receipts</b>   | <u>15,564</u>                  |                            | <u>16,917</u>               | <u>32,481</u>                           |
| Excess of Cash Receipts and Other Financing<br>Receipts Over Cash Disbursements | 18,626                         | 2,791                      |                             | 21,417                                  |
| Fund Cash Balances, January 1   | 264,516                        | 270,788                    |                             | 535,304                                 |
| <b>Fund Cash Balances, December 31</b>  | <u><u>\$283,142</u></u>        | <u><u>\$273,579</u></u>    |                             | <u><u>\$556,721</u></u>                 |

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

**PROVIDENCE TOWNSHIP  
LUCAS COUNTY**

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

|  | <u>Governmental Fund Types</u> |                            |                             | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|--------------------------------|----------------------------|-----------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>  |                                |                            |                             |   |
| Property and Other Local Taxes   | \$125,472                      | \$363,806                  |                             | \$489,278                               |
| Charges for Services   | 66,160                         |                            |                             | 66,160                                  |
| Licenses, Permits, and Fees  | 4,237                          | 13,373                     |                             | 17,610                                  |
| Intergovernmental  | 80,375                         | 160,332                    | \$98,000                    | 338,707                                 |
| Earnings on Investments  | 3,398                          | 698                        |                             | 4,096                                   |
| Miscellaneous  | 958                            | 7,763                      |                             | 8,721                                   |
|  | <u>280,600</u>                 | <u>545,972</u>             | <u>98,000</u>               | <u>924,572</u>                          |
| <b>Total Cash Receipts</b>   |                                |                            |                             |   |
| <b>Cash Disbursements:</b>   |                                |                            |                             |   |
| Current:   |                                |                            |                             |   |
| General Government   | 136,329                        |                            |                             | 136,329                                 |
| Public Safety  | 38,140                         | 221,238                    |                             | 259,378                                 |
| Public Works   | 97,822                         | 262,243                    |                             | 360,065                                 |
| Health   | 13,466                         | 15,279                     |                             | 28,745                                  |
| Conservation - Recreation  | 1,364                          |                            |                             | 1,364                                   |
| Capital Outlay   | 43,884                         | 45,827                     | 135,586                     | 225,297                                 |
| Debt Service:  |                                |                            |                             |   |
| Redemption of Principal  |                                | 36,323                     |                             | 36,323                                  |
|  | <u>331,005</u>                 | <u>580,910</u>             | <u>135,586</u>              | <u>1,047,501</u>                        |
| <b>Total Cash Disbursements</b>  |                                |                            |                             |   |
| Total Disbursements Over Receipts  | <u>(50,405)</u>                | <u>(34,938)</u>            | <u>(37,586)</u>             | <u>(122,929)</u>                        |
| <b>Other Financing Receipts:</b>   |                                |                            |                             |   |
| Other Debt Proceeds  |                                |                            | 37,586                      | 37,586                                  |
| Cash Receipts and Other Financing<br>Receipts (Under) Cash Disbursements | (50,405)                       | (34,938)                   |                             | (85,343)                                |
| Fund Cash Balances, January 1  | <u>314,921</u>                 | <u>305,726</u>             |                             | <u>620,647</u>                          |
| <b>Fund Cash Balances, December 31</b>                                   | <u><b>\$264,516</b></u>        | <u><b>\$270,788</b></u>    |                             | <u><b>\$535,304</b></u>                 |
| Reserve for Encumbrances, December 31                                    | <u>\$12,000</u>                | <u>\$16,694</u>            |                             | <u>\$28,694</u>                         |

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

**PROVIDENCE TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Providence Township, Lucas County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services

The Township participates in the Ohio Government Risk Management Plan (OGRMP) a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

OGRMP is available to Ohio governments. OGRMP provides property and casualty coverage for its members.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

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

**2. Special Revenue Funds**

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

**PROVIDENCE TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

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

Special Levy – 2.5 Mil Fire Levy –This fund receives property tax money for fire protection.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant capital project fund:

Issue II Fund - The Township received grants and loans from the State of Ohio for road improvement projects.

**D. 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 appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 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 carried over, and need not be reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**E. Property, Plant, and Equipment**

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

**PROVIDENCE TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

**F. 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.

**2. Equity in Pooled Deposits**

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

|                 |           |           |
|-----------------|-----------|-----------|
|                 | 2008      | 2007      |
| Demand deposits | \$556,721 | \$535,304 |

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 years ending December 31, 2008 and 2007 follows:

| 2008 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$231,004            | \$420,152          | \$189,148 |
| Special Revenue                   | 536,080              | 553,282            | 17,202    |
| Capital Projects                  | 409,000              | 332,862            | (76,138)  |
| Total                             | \$1,176,084          | \$1,306,296        | \$130,212 |

| 2008 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$470,320                  | \$401,526                 | \$68,794  |
| Special Revenue                                       | 779,094                    | 550,491                   | 228,603   |
| Capital Projects                                      | 409,000                    | 332,862                   | 76,138    |
| Total   | \$1,658,414                | \$1,284,879               | \$373,535 |

| 2007 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$245,440            | \$280,600          | \$35,160   |
| Special Revenue                   | 540,525              | 545,972            | 5,447      |
| Capital Projects                  | 196,000              | 135,586            | (60,414)   |
| Total                             | \$981,965            | \$962,158          | (\$19,807) |

**PROVIDENCE TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. Budgetary Activity – (Continued)**

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$519,327                  | \$343,005                 | \$176,322 |
| Special Revenue                                       | 767,725                    | 597,604                   | 170,121   |
| Capital Projects                                      | 196,000                    | 135,586                   | 60,414    |
| Total   | \$1,483,052                | \$1,076,195               | \$406,857 |

**4. Property Tax**

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

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

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

**5. Debt**

Debt outstanding at December 31, 2008 was as follows:

|                                      | Principal | Interest Rate |
|--------------------------------------|-----------|---------------|
| Doran Road and Perry Road            | \$49,053  | 0%            |
| Hartman Road/Duran Road/Pollock Road | 83,397    | 0%            |
| Henry-Lucas Road                     | 104,647   | 0%            |
| Berridge, Bailey, and Perry Road     | 56,639    | 0%            |
| Total                                | \$293,736 |               |

The Doran and Perry Road OPWC debt relates to a road project that was approved in FY2007. The OPWC approved up to \$54,504. Payments will be made in semiannual installments of \$2,725 over 10 years.

The Hartman Road/Duran Road/Pollock Road OPWC debt relates to a road project that was approved in FY2005. The OPWC approved up to \$119,139. Payments will be made in semiannual installments of \$5,957 over 10 years.

**PROVIDENCE TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. Debt – (Continued)**

The Henry-Lucas Road OPWC debt relates to a road project that was approved in FY2006. The OPWC approved up to \$130,809. Payments will be made in semiannual installments of \$6,540 over 10 years.

The Berridge, Bailey, and Perry Road OPWC debt relates to a road project that was approved in FY2003. The OPWC approved up to \$113,279. Payments will be made in semiannual installments of \$5,664 over 10 years.

Amortization of the above debt, including interest, is scheduled as follows:

| Year ending December 31: | Doran and Perry<br>Road | Hartman, Duran,<br>Pollock Road | Henry-Lucas<br>Road | Berridge,<br>Bailey, and<br>Perry<br>Road |
|--------------------------|-------------------------|---------------------------------|---------------------|---|
| 2009                     | \$5,450                 | \$11,914                        | \$13,081            | \$11,328                                  |
| 2010                     | 5,450                   | 11,914                          | 13,081              | 11,328                                    |
| 2011                     | 5,450                   | 11,914                          | 13,081              | 11,328                                    |
| 2012                     | 5,450                   | 11,914                          | 13,081              | 11,328                                    |
| 2013                     | 5,450                   | 11,914                          | 13,081              | 11,327                                    |
| 2014-2018                | 21,803                  | 23,827                          | 39,242              |   |
| Total                    | <u>\$49,053</u>         | <u>\$83,397</u>                 | <u>\$104,647</u>    | <u>\$56,639</u>                           |

**6. Retirement Systems**

The Township’s certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans’ benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters’ wages. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14 and 13.85%, respectively, of participants’ gross salaries. The Township has paid all contributions required through December 31, 2008.

**7. Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments (“Members”).

**PROVIDENCE TOWNSHIP  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. Risk Pool Membership – (Continued)**

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

|                 | <b>2007</b>  | <b>2006</b> |
|-----------------|--------------|-------------|
| Assets          | \$11,136,455 | \$9,620,148 |
| Liabilities     | (4,273,553)  | (3,329,620) |
| Members' Equity | \$6,862,902  | \$6,290,528 |

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).





**Mary Taylor, CPA**  
Auditor of State

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

Providence Township  
Lucas County  
13257 Perry Road  
Grand Rapids, Ohio 43522-9659

To the Board of Trustees:

We have audited the financial statements of Providence Township, Lucas County, (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 4, 2009 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

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

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated September 4, 2009.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance matter that we reported to the Township's management in a separate letter dated September 4, 2009.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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



**Mary Taylor, CPA**  
Auditor of State

September 4, 2009

**PROVIDENCE TOWNSHIP  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
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**FINDING NUMBER 2008-001**

**Material Weakness**

In 2008 and 2007, the Township was the beneficiary of \$322,862 and \$135,586 respectively of Ohio Public Work Commission (OPWC) money sent directly to the vendor by OPWC. This activity was not recorded on the ledgers of the Township. Since OPWC paid the invoices, the Township did not receive this cash. However, Auditor of State Bulletin 2000-008 and 2002-004 prescribe recording these transactions as receipts and disbursements when the Township applies for a project and has administrative responsibilities. The accompanying financial statements and budgetary activity were adjusted to reflect these amounts in a Capital Project Fund.

We recommend the Township record all benefits received from state or federal grants as a memo receipt and expenditure on the Township's records. In addition, to help ensure the accuracy of the financial statements, management should review Auditor of State Bulletins 2000-008 and 2002-004.

**Official's Response**

Fiscal officer is aware of the requirements and will be diligent in monitoring this activity in the future.

**PROVIDENCE TOWNSHIP  
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

| Finding Number | Finding Summary  | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b> |
|----------------|--|------------------|--|
| 2006-001       | Noncompliance / Material Weakness; Failure to comply with ORC 5705.10. Also, failed to report OPWC receipts and disbursements. | No               | Partially corrected; however Township failed to record OPWC activity in 2008 and 2007. See finding number 2008-001                     |
| 2006-002       | Noncompliance / Material Weakness; Failure to comply with 5705.41(B).  | Yes              |  |
| 2006-003       | Noncompliance / Material Weakness; Failure to comply with ORC 5705.41(D).  | Yes              |  |



**Mary Taylor, CPA**  
Auditor of State

**PROVIDENCE TOWNSHIP**

**LUCAS 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  
OCTOBER 13, 2009**