

**PITT TOWNSHIP  
WYANDOT COUNTY, OHIO**

*FINANCIAL STATEMENTS*  
DECEMBER 31, 2010 AND 2009

**WOLF, ROGERS, DICKEY & CO.**  
*Certified Public Accountants*





# Dave Yost • Auditor of State

Board of Trustees  
Pitt Township  
14895 Co Hwy 113  
Upper Sandusky, Ohio 43351

We have reviewed the *Independent Auditors' Report* of Pitt Township, Wyandot County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2009 through December 31, 2010. 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. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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 Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State 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. Pitt Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 5, 2011

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**Pitt Township  
Wyandot County, Ohio**

**For the Years Ended  
December 31, 2010 and 2009**

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## **Independent Auditors' Report**

Pitt Township  
Wyandot County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Pitt Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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 of Ohio 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 require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio 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, 2010 and 2009 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, 2010 and 2009, or their 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 Pitt Township, Wyandot County, Ohio as of December 31, 2010 and 2009, 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 May 20, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

May 20, 2011

**Pitt Township**  
**Wyandot County, Ohio**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2010**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:					
Property and other local taxes	\$ 13,797	34,649	-	-	48,446
Intergovernmental	144,986	116,930	-	19,142	281,058
Charges for services	-	4,950	-	-	4,950
License, permits and fees	1,050	-	-	-	1,050
Special assessments	-	857	-	-	857
Earnings on investments	502	304	-	-	806
Other revenue	<u>2,214</u>	<u>775</u>	<u>-</u>	<u>-</u>	<u>2,989</u>
Total cash receipts	162,549	158,465	-	19,142	340,156
Cash disbursements:					
Current:					
General government	52,368	-	-	-	52,368
Public safety	-	19,810	-	-	19,810
Public works	-	99,501	-	-	99,501
Health	7,769	-	-	-	7,769
Capital outlay	15,000	15,516	-	19,142	49,658
Debt service:					
Redemption of principal	-	13,485	-	-	13,485
Interest	<u>-</u>	<u>4,520</u>	<u>-</u>	<u>-</u>	<u>4,520</u>
Total cash disbursements	<u>75,137</u>	<u>152,832</u>	<u>-</u>	<u>19,142</u>	<u>247,111</u>
Total receipts over disbursements	87,412	5,633	-	-	93,045
Fund cash balances, January 1	<u>145,565</u>	<u>150,641</u>	<u>6,637</u>	<u>-</u>	<u>302,843</u>
Fund cash balances, December 31	\$ <u>232,977</u>	<u>156,274</u>	<u>6,637</u>	<u>-</u>	<u>395,888</u>
Reserves for encumbrances	\$ <u>-</u>	<u>1,215</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

**Pitt Township**  
**Wyandot County, Ohio**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Property and other local taxes	\$ 13,742	34,521	17,178	65,441
Intergovernmental	24,149	103,749	3,251	131,149
Charges for services	852	4,200	-	5,052
License, permits and fees	750	-	-	750
Special assessments	-	858	-	858
Earnings on investments	1,141	635	-	1,776
Other revenue	<u>6,596</u>	<u>3,213</u>	<u>-</u>	<u>9,809</u>
Total cash receipts	47,230	147,176	20,429	214,835
Cash disbursements:				
Current:				
General government	82,056	-	-	82,056
Public safety	12,633	13,754	664	27,051
Public works	-	69,855	-	69,855
Health	6,730	-	-	6,730
Capital outlay	-	300	-	300
Debt service:				
Redemption of principal	-	13,231	63,000	76,231
Interest	<u>-</u>	<u>4,774</u>	<u>2,650</u>	<u>7,424</u>
Total cash disbursements	<u>101,419</u>	<u>101,914</u>	<u>66,314</u>	<u>269,647</u>
Total receipts over (under) disbursements	(54,189)	45,262	(45,885)	(54,812)
Fund cash balances, January 1	<u>199,754</u>	<u>105,379</u>	<u>52,522</u>	<u>357,655</u>
Fund cash balances, December 31	\$ <u>145,565</u>	<u>150,641</u>	<u>6,637</u>	<u>302,843</u>
Reserves for encumbrances	\$ <u>797</u>	<u>-</u>	<u>-</u>	<u>797</u>

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

**Pitt Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements**  
**December 31, 2010 and 2009**

(1) Summary of Significant Accounting Policies

Description of the Entity

Pitt Township, Wyandot County, Ohio (the Township) is a body 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 road and bridge maintenance, fire protection services and cemetery operations.

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

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, 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 of Ohio.

Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including State Treasury Asset Reserve (STAR) Ohio) are recorded at share value.

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:

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.

**Pitt Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2010 and 2009**

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

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 had the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund – This fund receives vehicle registration tax money.

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

Road and Bridge Fund – This fund receives local real estate, property tax and other revenues collected to construct, maintain and repair Township roads.

Special Levy Fund (Fire Protection) – This fund receives fire protection levy tax money to pay for fire protection services and equipment.

Debt Service Fund

This fund is used to account for real estate taxes levied for the payment of fire equipment acquisition bonds.

Capital Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except for those financed through enterprise or trust funds). The Township had the following Capital Project Fund:

Issue I Fund – The Township received a grant from the Ohio Public Works Commission to repair Township roads.

Budgetary Process

The Ohio Revised Code (ORC) requires each fund to be budgeted annually.

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. Appropriations lapse at year end.

**Pitt Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2009 and 2008**

(1) Summary of Significant Accounting Policies, continued

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.

Encumbrances

The ORC requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

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.

(2) Equity in Pooled Cash and Investments

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 142,603	144,821
STAR Ohio	<u>253,285</u>	<u>158,022</u>
Total deposits and investments	<u>\$ 395,888</u>	<u>302,843</u>

Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool. The Township has invested funds in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's office which allows governments within Ohio to pool their funds for investment purposes.

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

**Pitt Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2010 and 2009**

(3) Budgetary Activity, continued

<u>2010 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 160,433	162,549	2,116
Special Revenue	140,383	158,465	18,082
Debt Service	-	-	-
Capital Projects	<u>19,142</u>	<u>19,142</u>	<u>-</u>
Total	\$ <u>319,958</u>	<u>340,156</u>	<u>20,198</u>

<u>2010 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 184,298	75,137	109,161
Special Revenue	281,523	154,047	127,476
Debt Service	6,637	-	6,637
Capital Projects	<u>-</u>	<u>19,142</u>	<u>(19,142)</u>
Total	\$ <u>472,458</u>	<u>248,326</u>	<u>224,132</u>

<u>2009 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 56,780	47,230	(9,550)
Special Revenue	132,446	147,176	14,730
Debt Service	<u>24,000</u>	<u>20,429</u>	<u>(3,571)</u>
Total	\$ <u>213,226</u>	<u>214,835</u>	<u>1,609</u>

<u>2009 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 256,533	102,216	154,317
Special Revenue	237,825	101,914	135,911
Debt Service	<u>76,521</u>	<u>66,314</u>	<u>10,207</u>
Total	\$ <u>570,879</u>	<u>270,444</u>	<u>300,435</u>

**Pitt Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2010 and 2009**

(4) Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 of Ohio, 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 payment is due the following June 20.

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

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

(5) Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the ORC.

Contribution rates are also prescribed by the ORC. For 2010 and 2009, OPERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

(6) 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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*

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

**Pitt Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2010 and 2009**

(6) Risk Management, continued

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 retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$ 38,982,088	40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	\$ <u>26,101,322</u>	<u>27,755,922</u>

At December 31, 2009 and 2008, respectively, liabilities above include approximately \$12.0 million and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$12,000.

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

2008	\$ 5,766
2009	6,343
2010	6,976

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide 60 days written notice to OTARMA. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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.

**Pitt Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2010 and 2009**

(7) Debt Obligation

At December 31, 2010 and 2009, the debt obligation consisted of the following:

<u>Description</u>	<u>2010</u>	<u>2009</u>
2008 Commercial Savings Bank for purchase of fire engine, due in annual installments of \$18,005 through 2015 at a rate of 4.70%.	\$ <u>78,351</u>	<u>91,836</u>

The principal and interest requirements to retire the debt obligation outstanding at December 31, 2010 are as follows:

<u>Year ending December 31</u>	<u>Commercial Savings Bank</u>	
	<u>Principal</u>	<u>Interest</u>
2011	14,236	3,769
2012	14,919	3,086
2013	15,635	2,370
2014	16,386	1,619
2015	<u>17,175</u>	<u>833</u>
	\$ <u>78,351</u>	<u>11,677</u>

(8) Commitment

The Township is obligated to provide fire protection services to Mifflin Township for 2011 pursuant to a contract adopted in December 2010.

(9) Subsequent Events

Subsequent events have been evaluated through May 20, 2011, which is the date the financial statements were available to be issued.

(10) Compliance

Contrary to Ohio law:

- The Township did not obtain an amended Certificate of Estimated Resources in 2009 to reflect shortfalls of anticipated revenue of \$9,500 in the General Fund, \$3,276 in the Motor Vehicle License Tax Fund and \$3,571 in the Debt Service Fund, which reduced available revenue in the fund below appropriations by the same amount. In addition, the Township did not obtain an amended Certificate of Estimated Resources in 2010 to reflect a shortfall of anticipated revenue of \$127 in the Motor Vehicle License Tax Fund, which reduced available revenue in the fund below appropriations by the same amount.

**Pitt Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2010 and 2009**

(10) Compliance, continued

- The Township did not obtain an amended appropriation measure to reflect the anticipated Issue I expenditure of \$19,142 in 2010.
- The Township did not encumber funds prior to expenditure for all disbursements.
- Material reclassifications to the financial statements were necessary in order for them to be fairly stated.

# Wolf, Rogers, Dickey & Co.

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**Independent Auditors' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters,  
Based On An Audit Of Financial Statements  
Performed In Accordance With *Government Auditing Standards***

Pitt Township  
Wyandot County, Ohio

To the Board of Trustees:

We have audited the financial statements of Pitt Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 20, 2011, wherein we noted the Township followed accounting practices the Auditor of State of Ohio 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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 deficiencies in internal

control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and timely corrected. We consider Finding 2010-01 described in the accompanying Schedule of Findings to be a material weakness.

A significant deficiency is a deficiency, or 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. We considered Finding 2010-03 to be a significant deficiency in internal control over financial reporting as described in the accompanying Schedule of Findings.

### 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 such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as Findings 2010-02 and 2010-04.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated May 20, 2011.

The Township's response to the findings 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.

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

*Wolf, Rogers, Dickey & Co.*

Certified Public Accountants

May 20, 2011

**Pitt Township  
Wyandot County, Ohio  
Schedule of Findings  
December 31, 2010 and 2009**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-01  
Material weakness

The Ohio Township Handbook Chart of Accounts appendix details the revenue and expenditure codes, name of source information, and a brief description of the type of revenue or expenditure that relates to the codes.

We noted the following errors in the Township prepared financial statements that required reclassification:

- In all applicable funds for both years, Tangible Personal Property (TPP) Replacement revenue receipts were reclassified from Local Taxes to Intergovernmental Revenue. The amounts totaled \$2,668 and \$2,592 for 2010 and 2009, respectively.
- In the General Fund and Special Revenue Fund for 2010, Capital Outlay expenditures were coded to General Government and Public Works. Reclassifications totaled \$20,450.
- In the General Fund for 2010, \$1,050 for Licenses, Permits and Fees was reclassified from Other cash receipts.
- In the General Fund for 2009, \$750 for Licenses, Permits and Fees and \$852 of Charges for Services were reclassified from Other cash receipts.
- In the General Fund for 2010, a state receipt was reclassified from Other cash receipts to Intergovernmental Revenue in the amount of \$8,000.
- In the General Fund for 2009, Public Safety expenditures were coded to General Government. Reclassifications totaled \$12,633.

These adjustments are reflected in the audited financial statements. Although the misclassifications have been corrected under audit, annual financial statements available to the public until such time as the audit is completed are inaccurate.

Response by Township

No response received.

**Pitt Township  
Wyandot County, Ohio  
Schedule of Findings, continued  
December 31, 2010 and 2009**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-02  
Noncompliance

Ohio Revised Code (ORC) Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury when such contract or order is made.

ORC Section 5705.41 also provides that if no certificate was furnished at the time that the contract was entered into, the fiscal officer may prepare a Then and Now Certificate stating (1) that there was at the time of the making of the contract and (2) at the time of the execution of this certificate a sufficient sum appropriated for the purpose of the contract in question in the treasury or in process of collection to the credit of the appropriate fund, free from previous encumbrances. During our testing of disbursements, we noted that funds were not encumbered prior to expenditure for two of the twenty disbursements tested for 2010 and 2009 and Then and Now Certificates were not prepared.

Response by Township

No response received.

Finding Number 2010-03  
Significant deficiency

In 2010 and 2009, budgeted receipts entered into the Uniform Accounting Network (UAN) did not agree to the final Certificate of Estimated Resources (the Certificate) as follows:

- General Fund – Budgeted receipts in UAN were less than the certificate by \$121,699 in 2010. In 2009, budgeted receipts in UAN were more than the Certificate by \$2,320.
- Special Revenue Funds – Budgeted receipts in UAN for certain funds were less than the Certificate by \$9,500 and \$127 in 2010 and 2009, respectively. In 2009, budgeted receipts in UAN for certain funds were more than the Certificate by \$681.
- Debt Service Fund – Budgeted receipts in UAN were less than the Certificate by \$19,142.

In 2010, budgeted appropriations entered into UAN did not agree to the Annual Appropriation measure as follows:

- General Fund – Budgeted appropriations entered into UAN were more than the annual appropriation measure by \$121,699 in 2010.
- Special Revenue Fund – Budgeted appropriations entered into UAN were more than the annual appropriation measure by \$9,500 in 2010.

**Pitt Township  
Wyandot County, Ohio  
Schedule of Findings, continued  
December 31, 2010 and 2009**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-03, continued  
Significant deficiency

The UAN system has built-in safeguards to assist local governments in complying with budgetary requirements of the ORC; however, these safeguards cannot operate effectively when inaccurate appropriation and budgeted receipt data is input.

Response by Township

No response received.

Finding Number 2010-04  
Noncompliance

ORC Section 5705.36 states:

- (1) That an increased amended certificate must be obtained from the Budget Commission if the legislative authority intends to appropriate and expend revenue in excess of the estimated resources.
- (2) A reduced amended certificate must be obtained if the amount of the deficiency will reduce the available resources below the current level of appropriations.

In 2009, appropriations exceeded available resources by \$9,549 in the General Fund, \$3,276 in the Motor Vehicle License Tax Fund and \$3,571 in the Debt Service Fund. In 2010, appropriations exceeded available resources by \$127 in the Motor Vehicle License Tax Fund. These deficits were caused by actual receipts falling below budgeted receipts. We recognize that the Township did not spend all appropriations and actual expenses did not exceed available resources, but ORC Section 5705.36 still requires an amended Certificate of Estimated Resources to reflect the reduced receipts. Additionally, the Township should have reduced the appropriations below the estimated resources.

ORC Section 5705.41 provides that no money is to be expended unless it has been appropriated. In 2010, the Township did not appropriate expenditures for the Issue I project causing expenditures to exceed appropriations in the Capital Projects Fund by \$19,142. ORC Section 5705.41 requires an amended appropriation measure to reflect the increased expenditure.

Response by Township

No response received.

**Pitt Township  
Wyandot County, Ohio  
Schedule of Prior Audit Findings  
December 31, 2010 and 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
2008-01	Material reclassifications	No	Repeat as Finding Number 2010-01.
2008-02	ORC 5705-41 Fiscal Officer must certify the commitment of money prior to the expenditure taking place.	No	Repeat as Finding Number 2010-02.
2008-03	Budgeted receipts in UAN did not agree to Certificate of Estimated Resources	No	Repeat as Finding Number 2010-03.
2008-04	ORC 5705.36 Submit amended Certificate of Estimated Resources to reflect the actual receipts as well as an amended appropriation	No	Repeat as Finding Number 2010-04.
2008-05	ORC 507.03 minimum bond requirements for Fiscal Officer	Yes	Finding no longer valid.
2008-06	Failure to record memorandum receipt disbursements debt portion of purchase	Yes	Finding no longer valid.

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# Dave Yost • Auditor of State

PITT TOWNSHIP

WYANDOT 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  
JULY 19, 2011