

**PITT TOWNSHIP**  
**WYANDOT COUNTY, OHIO**

*FINANCIAL STATEMENTS*  
DECEMBER 31, 2008 AND 2007

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





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Pitt Township  
14895 Co Hwy 113  
Upper Sandusky, OH 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, 2007 through December 31, 2008. 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

December 4, 2009

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Pitt Township  
Wyandot County, Ohio

For the Years Ended  
December 31, 2008 and 2007

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# Wolf, Rogers, Dickey & Co.

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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, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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, 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 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, 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 15, 2009, 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

September 15, 2009



**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, 2008**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:					
Local taxes	\$ 14,096	8,999	21,165	-	44,260
Intergovernmental	69,518	100,694	4,293	35,350	209,855
Charges for services	5,103	-	-	-	5,103
License, permits and fees	1,300	-	-	-	1,300
Special assessments	-	861	-	-	861
Earnings on investments	6,126	2,411	-	-	8,537
Other revenue	<u>221,770</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>221,808</u>
Total cash receipts	317,913	113,003	25,458	35,350	491,724
Cash disbursements:					
Current:					
General government	66,184	-	-	-	66,184
Public safety	12,321	-	-	-	12,321
Public works	-	141,654	841	35,350	177,845
Health	6,748	-	-	-	6,748
Capital outlay	374,053	460	-	-	374,513
Debt service:					
Redemption of principal	-	-	20,000	-	20,000
Interest	<u>-</u>	<u>-</u>	<u>3,650</u>	<u>-</u>	<u>3,650</u>
Total cash disbursements	<u>459,306</u>	<u>142,114</u>	<u>24,491</u>	<u>35,350</u>	<u>661,261</u>
Total receipts over (under) disbursements	(141,393)	(29,111)	967	-	(169,537)
Other financing receipts -					
Note proceeds	<u>105,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,067</u>
Total receipts and financing over (under) disbursements	(36,326)	(29,111)	967	-	(64,470)
Fund cash balances, January 1	<u>236,080</u>	<u>134,490</u>	<u>51,555</u>	<u>-</u>	<u>422,125</u>
Fund cash balances, December 31	\$ <u>199,754</u>	<u>105,379</u>	<u>52,522</u>	<u>-</u>	<u>357,655</u>
Reserves for encumbrances	\$ <u>555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>555</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, 2007**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Local taxes	\$ 13,306	8,456	26,611	48,373
Intergovernmental	28,218	117,964	3,634	149,816
Charges for services	5,015	-	-	5,015
License, permits and fees	700	-	-	700
Special assessments	-	916	-	916
Earnings on investments	8,560	2,598	-	11,158
Other revenue	<u>1,426</u>	<u>3,260</u>	<u>-</u>	<u>4,686</u>
Total cash receipts	57,225	133,194	30,245	220,664
Cash disbursements:				
Current:				
General government	53,365	-	-	53,365
Public safety	11,802	-	-	11,802
Public works	-	96,553	942	97,495
Health	7,247	-	-	7,247
Capital outlay	8,500	-	-	8,500
Debt service:				
Redemption of principal	-	-	18,000	18,000
Interest	<u>-</u>	<u>-</u>	<u>4,600</u>	<u>4,600</u>
Total cash disbursements	<u>80,914</u>	<u>96,553</u>	<u>23,542</u>	<u>201,009</u>
Total receipts over (under) disbursements	(23,689)	36,641	6,703	19,655
Fund cash balances, January 1	<u>259,769</u>	<u>97,849</u>	<u>44,852</u>	<u>402,470</u>
Fund cash balances, December 31	\$ <u>236,080</u>	<u>134,490</u>	<u>51,555</u>	<u>422,125</u>
Reserves for encumbrances	\$ <u>555</u>	<u>686</u>	<u>-</u>	<u>1,241</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, 2008 and 2007**

(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, 2008 and 2007**

(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.

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

This fund is used to account for the Ohio Public Works Commission share of specific road improvement projects.

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.

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.

**Pitt Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies, continued

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 2008 and 2007 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 Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$ 160,381	230,286
STAR Ohio	<u>197,274</u>	<u>191,839</u>
Total deposits and investments	\$ <u>357,655</u>	<u>422,125</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, 2008 and 2007 follows:

<u>Fund Type</u>	<u>2008 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 280,480	422,980	142,500
Special Revenue	106,901	113,003	6,102
Debt Service	24,000	25,458	1,458
Capital Projects	<u>35,350</u>	<u>35,350</u>	<u>-</u>
Total	\$ <u>446,731</u>	<u>596,791</u>	<u>150,060</u>

**Pitt Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2008 and 2007**

(3) Budgetary Activity, continued

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 516,560	459,861	56,699
Special Revenue	239,586	142,114	97,472
Debt Service	75,555	24,491	51,064
Capital Projects	<u>35,350</u>	<u>35,350</u>	<u>-</u>
Total	\$ <u>867,051</u>	<u>661,816</u>	<u>205,235</u>

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 59,238	57,225	(2,013)
Special Revenue	103,923	133,194	29,271
Debt Service	<u>28,515</u>	<u>30,245</u>	<u>1,730</u>
Total	\$ <u>191,676</u>	<u>220,664</u>	<u>28,988</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 319,006	81,469	237,537
Special Revenue	201,773	97,239	104,534
Debt Services	<u>73,367</u>	<u>23,542</u>	<u>49,825</u>
Total	\$ <u>594,146</u>	<u>202,250</u>	<u>391,896</u>

(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.

**Pitt Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2008 and 2007**

(4) Property Tax, continued

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 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively of their gross salaries. The Township contributed an amount equal to 14% and 13.85%, respectively of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

(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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. APEEP provides supplemental risk coverage for claims exceeding OTARMA claims coverage.

*Casualty Coverage*

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the OTARMA Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust APEEP's retained earnings, APEEP provides "excess of funds available" coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

**Pitt Township  
Wyandot County, Ohio  
Notes to the Financial Statements, continued  
December 31, 2008 and 2007**

(6) Risk Management, continued

*Property Coverage*

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

*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, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$ 43,210,703	\$ 42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	\$ <u>29,852,866</u>	\$ <u>29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.



**Pitt Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2008 and 2007**

(6) Risk Management, continued

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

Contributions to OTARMA

2006	\$ 6,362
2007	5,657
2008	5,766

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. 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.

(7) Debt Obligations

At December 31, 2008 and 2007, debt obligations consisted of the following:

<u>Description</u>	<u>2008</u>	<u>2007</u>
2002 First Citizens National Bank of Upper Sandusky for fire equipment acquisition bonds, due in annual principal installments and semi-annual interest installments through 2011 at a rate of 5%.	\$ 63,000	83,000
2008 Commercial Savings Bank for purchase of fire engine, due in annual installments of \$18,005 through 2015 at a rate of 4.70%.	105,067	-
Total debt obligations	\$ <u>168,067</u>	<u>83,000</u>

**Pitt Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2008 and 2007**

(7) Debt Obligations, continued

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2008 are as follows:

<u>Year ending</u> <u>December 31</u>	<u>First Citizens National</u> <u>Bank of Upper Sandusky</u>		<u>Commercial Savings Bank</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 20,000	2,650	12,961	5,044
2010	21,000	1,625	13,584	4,421
2011	22,000	550	14,236	3,769
2012	-	-	14,919	3,086
2013	-	-	15,635	2,370
2014-2015	-	-	<u>33,732</u>	<u>2,450</u>
	\$ <u>63,000</u>	<u>4,825</u>	<u>105,067</u>	<u>21,140</u>

(8) Commitment

The Township is obligated to provide fire protection services to Mifflin Township for 2009 pursuant to a contract adopted in December 2008.

(9) Compliance

Contrary to Ohio law:

- The Township did not obtain an amended certificate of estimated resources in 2008 to reflect a shortfall of anticipated revenue to the Motor Vehicle License Tax Fund of \$6,565, 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 2007 to reflect shortfalls of anticipated revenue to the General Fund of \$2,010, the Motor Vehicle License Tax Fund of \$6,474 and the Debt Service Fund of \$8,676, which reduced available revenue in the fund below appropriations by the same amount.
- In 2008, expenditures exceeded appropriations in the FEMA Fund by \$1,805.
- The Township did not encumber funds prior to expenditure for all disbursements.
- The Township did not maintain adequate bond coverage for the Fiscal Officer for the term beginning April 1, 2008. ORC Section 507.03 requires a bond of \$135,000 based on the budget of the Township. The bond coverage in effect was \$110,000.
- Material reclassifications to the financial statements were necessary in order for them to be fairly stated.
- The Township did not record purchases of equipment through debt issuance in 2008.

# 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, 2008 and 2007, and have issued our report thereon dated September 15, 2009, 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. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 considered Findings 2008-01, 2008-03 and 2008-06 to be significant deficiencies in internal control over financial reporting as described in the accompanying schedule of findings.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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 considered to be material weaknesses. However, of the significant deficiencies described above, we consider Finding 2008-01 to be a material weakness.

#### 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 2008-02, 2008-04 and 2008-05.

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 September 15, 2009.

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

September 15, 2009

**Pitt Township  
Wyandot County, Ohio  
Schedule of Findings  
December 31, 2008 and 2007**

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

Finding Number 2008-01  
Significant deficiency/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 code.

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

- In all applicable funds, rollback/homestead exemption receipts from the State of Ohio were reclassified from Local Taxes to Intergovernmental Revenue for 2007. The amount totaled \$2,609.
- 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 \$1,901 and \$1,396 for 2008 and 2007, respectively.
- In both years, in the General Fund, Capital Outlay expenditures were coded to General Government and Public Safety. Reclassifications totaled \$268,986 and \$8,500 for 2008 and 2007, respectively.
- In the General Fund for 2007, \$480 of Intergovernmental, \$700 for Licenses, Permits and Fees and \$815 of Charges for Services were reclassified from Other cash receipts.
- In the General Fund for 2008, \$10,000 of Intergovernmental, \$1,300 for Licenses, Permits and Fees and \$903 of Charges for Services were reclassified from Other cash receipts.

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, 2008 and 2007**

Finding Number 2008-02  
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 five of the nineteen disbursements tested for 2008.

Response by Township

No response received.

Finding Number 2008-03  
Significant deficiency

In 2008, appropriations entered into the Uniform Accounting Network (UAN) for the FEMA Fund exceeded the adopted appropriation measure by \$1,805, which resulted in expenditures exceeding appropriations in the fund by that amount.

In addition, budgeted receipts entered into UAN for 2008 did not agree to the final Certificate of Estimated Resources as follows:

- General Fund – Budgeted receipts in UAN were less than the certificate by \$219,500.
- FEMA Fund – Budgeted receipts in UAN were less than the certificate by \$1,805.
- Capital Projects Fund – Budgeted receipts in UAN were less than the certificate by \$6,985.

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.

**Pitt Township  
Wyandot County, Ohio  
Schedule of Findings, continued  
December 31, 2008 and 2007**

Finding Number 2008-04  
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 2007, appropriations exceeded available resources by \$2,010 in the General Fund, \$6,474 in the Motor Vehicle License Tax Fund and \$8,676 in the Debt Service Fund. In 2008, appropriations exceeded available resources by \$6,565 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.

Response by Township

No response received.

Finding Number 2008-05  
Noncompliance

ORC Section 507.03 prescribes minimum bond requirements for the Fiscal Officer for terms beginning after November 5, 2005 based on the annual budget of the Township. The Township's budget according to the official Certificate of Estimated Resources for 2008 is \$868,856, which would require a minimum bond of \$135,000 for the Fiscal Officer. The Fiscal Officer's bond coverage in effect was \$110,000.

Response by Township

No response received.

**Pitt Township**  
**Wyandot County, Ohio**  
**Schedule of Findings, continued**  
**December 31, 2008 and 2007**

Finding Number 2008-06  
Significant deficiency

The Township purchased a new fire engine in 2008 which was partially funded through the issuance of a note payable. The Township did not record the portion of the purchase that was made through debt issuance. The Township is to record memorandum receipts and disbursements on its books for such purchases.

Although there is no effect on the cash balance of the Township, not recording this activity causes revenues and expenses to be understated as it relates to the activities of the Township. An adjustment of \$105,067 has been made to the financial statements to reflect the activity.

Response by Township

No response received.





Mary Taylor, CPA  
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**  
**DECEMBER 17, 2009**