



Dave Yost • Auditor of State

PITTSFIELD TOWNSHIP
LORAIN COUNTY

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Dave Yost • Auditor of State

Pittsfield Township
Lorain County
16940 State Route 58
Oberlin, Ohio 44074

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 Township 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.

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

Dave Yost
Auditor of State

January 26, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pittsfield Township
Lorain County
16940 State Route 58
Oberlin, Ohio 44074

To the Board of Trustees:

We have audited the accompanying financial statements of Pittsfield Township, Lorain County, Ohio (the Township) as of and for the years ended December 31, 2009 and 2008. 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.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361
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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, 2009 and 2008 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, 2009 and 2008 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 Pittsfield Township, Lorain County, Ohio, as of December 31, 2009 and 2008, 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 January 26, 2011, 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.



Dave Yost
Auditor of State

January 26, 2011

**PITTSFIELD TOWNSHIP
LORAIN COUNTY**

**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>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$33,519	\$133,718	\$167,237
Payment in Lieu of Taxes	12,086	0	12,086
Licenses, Permits, and Fees	12,067	1,350	13,417
Intergovernmental	52,404	134,931	187,335
Earnings on Investments	1,841	512	2,353
Miscellaneous	704	3,400	4,104
Total Cash Receipts	<u>112,621</u>	<u>273,911</u>	<u>386,532</u>
Cash Disbursements:			
Current:			
General Government	100,690	94	100,784
Public Works	0	170,292	170,292
Health	11,405	1,254	12,659
Human Services	2,700	9,600	12,300
Conservation/Recreation	554	0	554
Capital Outlay	15,789	600	16,389
Debt Service:			
Redemption of Principal	0	4,229	4,229
Total Cash Disbursements	<u>131,138</u>	<u>186,069</u>	<u>317,207</u>
Total Receipts Over / (Under) Disbursements	<u>(18,517)</u>	<u>87,842</u>	<u>69,325</u>
Other Financing Receipts / (Disbursements):			
Other Financing Sources	<u>0</u>	<u>21</u>	<u>21</u>
Total Other Financing Receipts / (Disbursements)	<u>0</u>	<u>21</u>	<u>21</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements And Other Financing Disbursements	<u>(18,517)</u>	<u>87,863</u>	<u>69,346</u>
Fund Cash Balances, January 1	<u>78,019</u>	<u>100,296</u>	<u>178,315</u>
Fund Cash Balances, December 31	<u>\$59,502</u>	<u>\$188,159</u>	<u>\$247,661</u>
Reserve for Encumbrances, December 31	<u>\$360</u>	<u>\$1,224</u>	<u>\$1,584</u>

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

**PITTSFIELD TOWNSHIP
LORAIN 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$40,272	\$136,833	\$0	\$177,105
Payment in Lieu of Taxes	19,260	0	0	19,260
Licenses, Permits, and Fees	11,935	2,000	0	13,935
Intergovernmental	69,063	131,503	75,877	276,443
Earnings on Investments	3,661	967	0	4,628
Miscellaneous	917	4,387	0	5,304
Total Cash Receipts	<u>145,108</u>	<u>275,690</u>	<u>75,877</u>	<u>496,675</u>
Cash Disbursements:				
Current:				
General Government	102,291	94	0	102,385
Public Works	0	238,721	0	238,721
Health	12,523	2,539	0	15,062
Human Services	0	13,548	0	13,548
Conservation/Recreation	420	0	0	420
Capital Outlay	25,574	44,679	75,877	146,130
Debt Service:				
Redemption of Principal	0	4,229	0	4,229
Total Cash Disbursements	<u>140,808</u>	<u>303,810</u>	<u>75,877</u>	<u>520,495</u>
Total Receipts Over / (Under) Disbursements	<u>4,300</u>	<u>(28,120)</u>	<u>0</u>	<u>(23,820)</u>
Fund Cash Balances, January 1	<u>73,719</u>	<u>128,416</u>	<u>0</u>	<u>202,135</u>
Fund Cash Balances, December 31	<u>\$78,019</u>	<u>\$100,296</u>	<u>\$0</u>	<u>\$178,315</u>
Reserve for Encumbrances, December 31	<u>\$360</u>	<u>\$11,397</u>	<u>\$0</u>	<u>\$11,757</u>

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

**PITTSFIELD TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Note 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 Pittsfield Township, Lorain County, Ohio (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 and cemetery maintenance. The Township's police protection is provided by the Lorain County Sheriff's Department, emergency medical services are provided by the Central Lorain County Ambulance District, and fire protection is provided by the Wellington Community Fire District.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. 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' deductible. This organization is discussed in Note 7.

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. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

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

General Fund

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

**PITTSFIELD TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies (continued)

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:

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

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

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

Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Public Works Commission Project Fund - The Township received a grant from the State of Ohio for the Culvert Reconstruction project.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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. Unencumbered 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.

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 2009 and 2008 budgetary activity appears in Note 3.

**PITTSFIELD TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies (continued)

F. 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.

Note 2 - Equity in Pooled Deposits and Investments

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

	2009	2008
Demand deposits	\$229,881	\$10,173
STAR Ohio	17,780	168,142
Total deposits	\$247,661	\$178,315

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution's public entity deposit pool.

Investments: The investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

Note 3 - Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,436	\$112,621	\$6,185
Special Revenue	273,482	273,932	450
Capital Projects	26,021	0	(26,021)
Total	\$405,939	\$386,553	(\$19,386)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$143,627	\$131,498	\$12,129
Special Revenue	259,186	187,293	71,893
Capital Projects	26,021	0	26,021
Total	\$428,834	\$318,791	\$110,043

**PITTSFIELD TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

Note 3 - Budgetary Activity (continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$144,903	\$145,108	\$205
Special Revenue	275,377	275,690	313
Capital Projects	75,877	75,877	0
Total	\$496,157	\$496,675	\$518

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$146,790	\$141,168	\$5,622
Special Revenue	318,174	315,207	2,967
Capital Projects	75,877	75,877	0
Total	\$540,841	\$532,252	\$8,589

Note 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.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners for 2008 and only against local and inter-exchange telephone companies for 2009, 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.

**PITTSFIELD TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

Note 5 - Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
OPWC Loan	\$16,918	0%

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OPWC Loan
2010	4,229
2011	4,229
2012	4,229
2013	4,231
Total	\$16,918

Note 6 - Retirement Systems

Township employees belong to the Ohio Public Employees Retirement System, (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare and survivor and disability benefits.

For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

Note 7 - 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 Worker's 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.

**PITTSFIELD TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

Note 7 - 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:

	<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, the liabilities above include approximately \$12.0 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 \$6,000.

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.

<u>Contributions to OTARMA</u>	
<u>2009</u>	<u>2008</u>
\$5,853	\$6,474

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

**PITTSFIELD TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

Note 8 - Related Party Transactions

A Township Trustee is employed by Center Service. The Township spent \$668 during the audit period on various supplies from Center Service.

A Township Trustees' relative owns McConnell's Excavating. The Township spent \$7,850 on excavating purchases during the audit period from this business.

Another Township Trustees' relative owns MTC Horticulture. The Township spent \$9,859 on various services and supplies during the audit period from this business.

Township Trustees abstained from voting when approval was needed for purchases from any of the above related parties.

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Dave Yost • Auditor of State

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

Pittsfield Township
Lorain County
16940 State Route 58
Oberlin, Ohio 44074

To the Board of Trustees:

We have audited the financial statements of Pittsfield Township, Lorain County, Ohio (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated January 26, 2011 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted 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(A) mandates 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to 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 a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-01 described in the accompanying schedule of findings 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 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 certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated January 26, 2011.

The Township's response to the finding identified in our audit are 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 management, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

January 26, 2011

**PITTSFIELD TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-01

Material Weakness

OPWC Funds

During 2008, the Township was the beneficiary of a Ohio Public Work Commission (OPWC) grant that was sent directly to the vendor by OPWC in the amount of \$75,877. Pursuant to Auditor of State Bulletins 2000-008 and 2002-004, the Township should have recorded a receipt and expenditure when they received notice that OPWC disbursed these amounts on the Township's behalf, however the Township failed to do so. This resulted in an understatement of Intergovernmental Revenue and Capital Outlay Expenditures in the Public Works Commission Fund of \$75,877. The accompanying financial statements and financial records were adjusted to reflect this amount in the Public Works Commission Fund.

We recommend that when the Township receives notice that funds have been expended on its behalf, the Fiscal Officer make memo entries to post the revenues and expenditures to the Township's books.

Officials' Response: The Township has been made aware of how to properly account for these transactions and will do so in the future.

**PITTSFIELD TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Material Noncompliance / Significant Deficiency – OPWC Issue II – The Township received Issue II funding in 2007 and 2006 and did not budget or post the receipts and expenditures of the money.	No	Partially Corrected – The Township received OPWC Issue II funding in 2008 and did not post the receipts and expenditures of the money. The money was properly budgeted. Issued as Finding 2009-001.
2007-002	Significant Deficiency / Material Weakness – Financial Reporting – Numerous adjustments and reclassifications were posted to the Township’s financial statements.	No	Partially Corrected – There were a number of reclassifications that were posted to the Township’s financial statements. Issued as a management letter recommendation. There was one adjustment made to the financial statements, noted above as Finding 2009-001.
2007-003	Material Noncompliance – ORC 5705.41(B) Expenditures Exceeding Appropriations – Three funds had expenditures in excess of appropriations in 2007 as well as one fund in 2006.	Yes	Fully Corrected



Dave Yost • Auditor of State

PITTSFIELD TOWNSHIP

LORAIN 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
FEBRUARY 10, 2011**