



Dave Yost • Auditor of State

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

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Dave Yost • Auditor of State

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

To the Board of Trustees:

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

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

Dave Yost
Auditor of State

September 8, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Providence Township, Lucas 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. 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 believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 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 its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Providence Township, Lucas County, as of December 31, 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 September 8, 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

September 8, 2011

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$109,653	\$348,436		\$458,089
Charges for Services	105,936			105,936
Licenses, Permits, and Fees	4,969	8,150		13,119
Fines and Forfeitures	35			35
Intergovernmental	74,489	192,724		267,213
Earnings on Investments	529	119		648
Miscellaneous	1,576	4,800		6,376
	<u>297,187</u>	<u>554,229</u>		<u>851,416</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	144,125			144,125
Public Safety	25,871	178,027		203,898
Public Works	27,278	218,396		245,674
Health	17,325	12,958		30,283
Conservation - Recreation	1,000			1,000
Capital Outlay	18,339	35,141		53,480
Debt Service:				
Redemption of Principal	10,443	10,443	\$12,495	33,381
Interest and Other Fiscal Charges			2,629	2,629
	<u>244,381</u>	<u>454,965</u>	<u>15,124</u>	<u>714,470</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>52,806</u>	<u>99,264</u>	<u>(15,124)</u>	<u>136,946</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			15,124	15,124
Transfers-Out		(15,124)		(15,124)
Other Financing Sources	486			486
	<u>486</u>	<u>(15,124)</u>	<u>\$15,124</u>	<u>486</u>
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	53,292	84,140		137,432
Fund Cash Balances, January 1	322,455	326,006		648,461
Fund Cash Balances, December 31	<u>\$375,747</u>	<u>\$410,146</u>		<u>\$785,893</u>
Reserve for Encumbrances, December 31	<u>\$10,684</u>	<u>\$23,040</u>		<u>\$33,724</u>

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

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$118,395	\$354,078		\$472,473
Charges for Services	72,150			72,150
Licenses, Permits, and Fees	4,761	16,773		21,534
Intergovernmental	61,141	166,945		228,086
Earnings on Investments	982	205		1,187
Miscellaneous	1,166	14,640		15,806
	<u>258,595</u>	<u>552,641</u>		<u>811,236</u>
Total Cash Receipts				811,236
Cash Disbursements:				
Current:				
General Government	139,729			139,729
Public Safety	19,142	142,118		161,260
Public Works	13,302	200,785		214,087
Health	14,090	15,434		29,524
Conservation - Recreation	1,000			1,000
Capital Outlay	24,473	112,838	\$68,748	206,059
Debt Service:				
Redemption of Principal	10,443	31,330	14,896	56,669
Interest and Other Fiscal Charges			318	318
	<u>222,179</u>	<u>502,505</u>	<u>83,962</u>	<u>808,646</u>
Total Cash Disbursements				808,646
Total Receipts Over/(Under) Disbursements	<u>36,416</u>	<u>50,136</u>	<u>(83,962)</u>	<u>2,590</u>
Other Financing Receipts/(Disbursements):				
Sale of Bonds			68,748	68,748
Sale of Capital Assets		17,505		17,505
Transfers-In			15,214	15,214
Transfers-Out		(15,214)		(15,214)
Other Financing Sources	2,897			2,897
	<u>2,897</u>	<u>2,291</u>	<u>\$83,962</u>	<u>89,150</u>
Total Other Financing Receipts/(Disbursements)				89,150
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	39,313	52,427		91,740
Fund Cash Balances, January 1	<u>283,142</u>	<u>273,579</u>		<u>556,721</u>
Fund Cash Balances, December 31	<u>\$322,455</u>	<u>\$326,006</u>		<u>\$648,461</u>

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

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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 Providence Township, Lucas 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, cemetery maintenance, fire protection and emergency medical services.

The Township participates in the Ohio Risk Management Plan (ORMP) public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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

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

C. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

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

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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

E. Property, Plant, and Equipment

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

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

	<u>2010</u>	<u>2009</u>
Demand deposits	<u>\$785,893</u>	<u>\$648,461</u>

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

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity

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

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$216,010	\$297,673	\$81,663
Special Revenue	502,011	554,229	52,218
Debt Service	15,124	15,124	
Total	\$733,145	\$867,026	\$133,881

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$382,550	\$255,065	\$127,485
Special Revenue	706,876	493,129	213,747
Debt Service	15,124	15,124	
Total	\$1,104,550	\$763,318	\$341,232

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$250,145	\$261,492	\$11,348
Special Revenue	477,731	570,146	92,415
Debt Service	83,962	83,962	
Total	\$811,838	\$915,600	\$103,763

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$381,750	\$222,179	\$159,571
Special Revenue	678,788	517,719	161,069
Debt Service	83,962	83,962	
Total	\$1,144,500	\$823,860	\$320,640

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.

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. Property Tax (Continued)

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

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

5. Debt

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Equipment Acquisition Bond	\$41,357	5%
Doran Road and Perry Road	40,878	0%
Hartman Road/Duran Road/Pollock Road	65,526	0%
Henry-Lucas Road	85,026	0%
Berridgem Bailey, and Perry Road	39,648	0%
Total	<u>\$272,435</u>	

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

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

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

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

The Equipment Acquisition Bond relates to financing the purchase of a new dump truck for Township road maintenance. National City Bank approved \$68,748 in bonds to the Township for this purchase. The Township will repay the bonds in annual installments over 5 years.

The bond covenant requires the Township to establish a bond retirement fund. The Township, did not establish this fund.

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

5. Debt (Continued)

Amortization of the above debt is scheduled as follows:

Year ending December 31:	Doran and Perry Road	Hartman, Duran, Pollock Road	Henry-Lucas Road	Berridge, Bailey, and Perry Road	Equipment Acquisition Bond
2011	\$5,450	\$11,914	\$13,081	\$11,328	\$13,120
2012	5,450	11,914	13,081	11,328	13,772
2013	5,450	11,914	13,081	11,328	14,465
2014	5,450	11,914	13,081	5,664	
2015	5,450	11,913	13,081		
2016-2020	13,628	5,957	19,621		
Total	<u>\$40,878</u>	<u>\$65,526</u>	<u>\$85,026</u>	<u>\$39,648</u>	<u>\$41,357</u>

6. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, 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, 2010.

7. Risk Pool Membership

Through December 31, 2008, the Township belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Pool Membership (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retain 17.5% (15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 725 members as of December 31, 2009. The Township participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 60 members as of December 31, 2009. The Township does not participate in this coverage.

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2009 and 2008 (the latest information available), and include amounts for both OPRM and OPHC:

	2009 OPRM	2009 OPHC	2009	2008
Assets	\$11,176,186	\$1,358,802	\$12,534,988	\$10,471,114
Liabilities	(4,852,485)	(1,253,617)	(6,106,102)	(5,286,781)
Members’ Equity	\$6,323,701	\$105,185	\$6,428,886	\$5,184,333

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, www.ohioplan.org.



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*

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

To the Board of Trustees:

We have audited the financial statements of Providence Township, Lucas County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 8, 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 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*. 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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 findings 2010-001 and 2010-002 described in the accompanying schedule of findings to be material weaknesses.

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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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 8, 2011.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State

September 8, 2011

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Material Weakness

Financial Reporting

As a result of the audit procedures performed, errors were noted in the financial statements that required material audit adjustments. In 2009 and 2010, debt payments were misposted to the public works line item instead of the debt service principal line item in the General and Road and Bridge funds (\$41,773 – 2009, \$20,866.50 – 2010). In 2009 and 2010, tangible personal property tax reimbursement was misposted to the tax revenue line item, instead of the intergovernmental revenue line item in the General Fund, Road and Bridge, Fire Levy, and Special Levy funds (\$1,164 – 2009, \$1,592 – 2010 General Fund) (\$3,893 – 2009, \$5,322 – 2010 Special Revenue). In 2009, tangible personal property tax reimbursement and public utility reimbursement were misposted to the other financing sources line item, instead of the intergovernmental revenue line item in the General Fund (\$2,406). Also, tangible personal property tax reimbursement and public utility reimbursement were misposted to the miscellaneous revenue line item, instead of the intergovernmental revenue line item in the Road and Bridge, Fire Levy, and Special Levy Funds (\$5,191). In 2009, the sale proceeds from the sale of a dump truck was misposted to the miscellaneous revenue line item, instead of the sale of capital assets line item in the Road and Bridge fund (\$17,505). In 2009, a Trauma and Emergency Grant was misposted to the other financing sources line item, instead of the intergovernmental revenue line item in the General Fund (\$2,346). In 2010, two grants were misposted in the miscellaneous revenue line item, instead of the intergovernmental revenue line item in the Special Levy Fund (\$8,464).

The accompanying financial statements have been adjusted to correct these errors.

Sound financial reporting is the responsibility of the Fiscal Officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and the Board, to identify and correct errors and omissions. The Fiscal Officer should also review the UAN chart of accounts and the Township Handbook's chart of accounts to ensure all accounts are being properly posted to the financial statements.

Officials' Response

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

FINDING NUMBER 2010-002

Noncompliance Citation/Material Weakness

Equipment Acquisition Bond Agreement and Township Resolution #03-2009 dated May 6, 2009 states the Fiscal Officer is hereby directed to create the following fund into which the Bond proceeds and for the purpose of paying principal and interest of the bonds when they come due:

Bond Retirement Fund - established for the Equipment Acquisition Bond only for the purpose of paying principal and interest due.

The Township has not established the above mentioned fund. This is in default of the agreement and could result in immediate repayment of the bonds. The accompanying financial statements have been adjusted to include a Bond Retirement Fund to place the Township in compliance with debt covenants. The following adjustments were made; In 2009, debt proceeds were not recorded in the Bond Retirement Fund, (\$68,748). In 2009 and 2010, debt payments were made out of the Permissive Motor Vehicle License Tax Fund. All activity, \$15,214 in 2009 and \$15,124 in 2010, was reclassified from the Permissive Motor License Tax Fund to the Bond Retirement Fund.

We recommend the Township review Resolution #03-2009 and comply with the requirements.

The Fiscal Officer has made the above adjustments.

Officials' Response:

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

PROVIDENCE TOWNSHIP
LUCAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	AOS Bulletins 2000-008 and 2002-004 recording OPWC transactions.	No	Partially corrected; Township failed to record Bond activity in 2009. Repeated in this report as Finding # 2010-002

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Dave Yost • Auditor of State

PROVIDENCE TOWNSHIP

LUCAS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 29, 2011