



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

PROVIDENCE TOWNSHIP
LUCAS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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, 2000 and 1999. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2001 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 grants. 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.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 11, 2001

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**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, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$74,152	\$255,760		\$329,912
Intergovernmental	152,055	110,298	\$17,043	279,396
Charges for Services	30,672			30,672
Licenses, Permits, and Fees	5,206	13,724		18,930
Interest Income	11,013	1,670		12,683
Other Revenue	6,996	8,107		15,103
	<u>280,094</u>	<u>389,559</u>	<u>17,043</u>	<u>686,696</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	77,416			77,416
Public Safety	4,712	119,396		124,108
Public Works	35,430	172,253		207,683
Health	12,154	16,632		28,786
Conservation - Recreation	600			600
Capital Outlay	662	192,730	17,043	210,435
	<u>130,974</u>	<u>501,011</u>	<u>17,043</u>	<u>649,028</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>149,120</u>	<u>(111,452)</u>		<u>37,668</u>
Other Financing Receipts:				
Sale of Fixed Assets	<u>11,526</u>			<u>11,526</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	160,646	(111,452)		49,194
Fund Cash Balances, January 1	<u>203,102</u>	<u>401,222</u>		<u>604,324</u>
Fund Cash Balances, December 31	<u>\$363,748</u>	<u>\$289,770</u>		<u>\$653,518</u>
Reserve for Encumbrances, December 31	<u>\$2,128</u>	<u>\$6,996</u>		<u>\$9,124</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, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$76,754	\$253,144		\$329,898
Intergovernmental	49,281	109,348	\$304,104	462,733
Charges for Services	15,000			15,000
Licenses, Permits, and Fees	4,174	15,077		19,251
Fines, Forfeitures, and Penalties	64			64
Interest Income	9,898	1,368		11,266
Other Revenue	10,391	117,886		128,277
	<u>165,562</u>	<u>496,823</u>	<u>304,104</u>	<u>966,489</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	62,706			62,706
Public Safety	5,287	66,723		72,010
Public Works	42,461	211,534		253,995
Health	13,238	17,772		31,010
Conservation - Recreation	400			400
Capital Outlay	947	36,133	304,104	341,184
	<u>125,039</u>	<u>332,162</u>	<u>304,104</u>	<u>761,305</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>40,523</u>	<u>164,661</u>		<u>205,184</u>
Other Financing Receipts:				
Other Sources	<u>1,014</u>			<u>1,014</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	41,537	164,661		206,198
Fund Cash Balances, January 1	<u>161,565</u>	<u>236,561</u>		<u>398,126</u>
Fund Cash Balances, December 31	<u>\$203,102</u>	<u>\$401,222</u>		<u>\$604,324</u>
Reserve for Encumbrances, December 31	<u>\$1,482</u>	<u>\$14,824</u>		<u>\$16,306</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, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Providence Township, Lucas County, (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 general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. Basis of Accounting

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

C. Cash

The Township had no investments during the period. All funds were maintained in a Money Market Checking Account.

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:

1. 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.

2. 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:

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

Special Fire Levy Fund - This fund receives property tax money for fire protection.

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project funds:

Issue II Fund - The Township received a grants from the State of Ohio for road improvements on Doran Road and Manore Road.

E. 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. 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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$653,518</u>	<u>\$604,324</u>

Deposits are insured by the Federal Depository Insurance Corporation.

At December 31, 2000, \$553,518 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$288,708	\$291,620	\$2,912
Special Revenue	394,544	389,559	(4,985)
Capital Projects	40,000	17,043	(22,957)
Total	<u>\$723,252</u>	<u>\$698,222</u>	<u>(\$25,030)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$308,460	\$133,102	\$175,358
Special Revenue	724,909	508,007	216,902
Capital Projects	40,000	17,043	22,957
Total	<u>\$1,073,369</u>	<u>\$658,152</u>	<u>\$415,217</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$171,053	\$166,576	(\$4,477)
Special Revenue	483,747	496,823	13,076
Capital Projects	392,000	304,104	(87,896)
Total	<u>\$1,046,800</u>	<u>\$967,503</u>	<u>(\$79,297)</u>

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$272,088	\$126,521	\$145,567
Special Revenue	682,230	346,986	335,244
Capital Projects	392,000	304,104	87,896
Total	\$1,346,318	\$777,611	\$568,707

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, 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

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

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL 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 accompanying financial statements of Providence Township, Lucas County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 11, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-40148-001, and 2000-40148-002. We also noted a certain immaterial instance of noncompliance that we have reported to the management of the Township in a separate letter dated May 11, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 11, 2001.

Providence Township
Lucas County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

May 11, 2001

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-40148-001

Noncompliance Citation

Ohio Revised Code § 135.18 (A) requires the subdivision to have each financial institution designated as a public depository pledge and deposit eligible securities of aggregate market value, equal to the excess of the amount of public moneys deposited, over and above the amount at the time insured by the federal deposit insurance corporation.

As of December 31, 2000, the Township's deposits were under collateralized by \$553, 518.

FINDING NUMBER 2000-40148-002

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states 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 or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certifications are to be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate-If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrance, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. Amounts less than one thousand dollars, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Thirty percent of the vouchers tested during the audit period were not certified at the time the contract or order was made and Then and Now certificates were not issued.

When prior certification of funds is not possible, we recommend the Township utilize Then and Now Certificates.



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OFFICE OF THE AUDITOR

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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
JUNE 7, 2001**