



Dave Yost • Auditor of State

**PERRYSBURG TOWNSHIP
WOOD COUNTY**

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Dave Yost • Auditor of State

Perrysburg Township
Wood County
26609 Lime City Road
Perrysburg, Ohio 43551-4299

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

May 9, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Perrysburg Township
Wood County
26609 Lime City Road
Perrysburg, Ohio 43551-4299

To the Board of Trustees:

We have audited the accompanying financial statements of Perrysburg Township, Wood County, Ohio (the Township), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of Perrysburg Township, Wood County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2012, on our consideration of the Government'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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 9, 2012

**PERRYSBURG TOWNSHIP
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$495,191	\$3,898,724	\$4,393,915
Charges for Services		201,006	201,006
Licenses, Permits and Fees	166,141		166,141
Fines and Forfeitures	21,549	73,078	94,627
Intergovernmental	1,151,512	1,804,867	2,956,379
Special Assessments		68,991	68,991
Earnings on Investments	571,193	15,724	586,917
Miscellaneous	153,412	80,636	234,048
<i>Total Cash Receipts</i>	<u>2,558,998</u>	<u>6,143,026</u>	<u>8,702,024</u>
Cash Disbursements			
Current:			
General Government	1,311,143		1,311,143
Public Safety	20,674	5,532,009	5,552,683
Public Works		1,357,293	1,357,293
Health	36,368		36,368
Conservation-Recreation	42,169		42,169
Capital Outlay		633,676	633,676
<i>Total Cash Disbursements</i>	<u>1,410,354</u>	<u>7,522,978</u>	<u>8,933,332</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,148,644</u>	<u>(1,379,952)</u>	<u>(231,308)</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	70,563	20,414	90,977
Transfers In		899,000	899,000
Transfers Out	(899,000)		(899,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(828,437)</u>	<u>919,414</u>	<u>90,977</u>
<i>Net Change in Fund Cash Balances</i>	320,207	(460,538)	(140,331)
<i>Fund Cash Balances, January 1</i>	<u>9,516,146</u>	<u>5,780,044</u>	<u>15,296,190</u>
Fund Cash Balances, December 31			
Restricted		5,319,506	5,319,506
Assigned	43,469		43,469
Unassigned	9,792,884		9,792,884
<i>Fund Cash Balances, December 31</i>	<u>\$9,836,353</u>	<u>\$5,319,506</u>	<u>\$15,155,859</u>

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

PERRYSBURG TOWNSHIP
WOOD COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Operating Cash Receipts	
Zoning Professional Fees	\$9,064
Employee Cost Share Health Insurance	93,103
Seized Monies	53,542
<i>Total Operating Cash Receipts</i>	155,709
Operating Cash Disbursements	
Other	112,283
<i>Operating Income</i>	43,426
<i>Fund Cash Balances, January 1</i>	14,437
<i>Fund Cash Balances, December 31</i>	<u>\$57,863</u>

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

**PERRYSBURG TOWNSHIP
WOOD 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>	
Cash Receipts:			
Property and Other Local Taxes	\$483,857	\$3,827,073	\$4,310,930
Charges for Services		321,577	321,577
Licenses, Permits, and Fees	140,175		140,175
Fines and Forfeitures	19,580	13,531	33,111
Intergovernmental	720,307	1,796,386	2,516,693
Special Assessments		70,972	70,972
Earnings on Investments	734,698	31,984	766,682
Miscellaneous	41,082	34,313	75,395
	<u>2,139,699</u>	<u>6,095,836</u>	<u>8,235,535</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	1,184,461		1,184,461
Public Safety	16,249	5,387,782	5,404,031
Public Works		1,575,694	1,575,694
Health	34,582		34,582
Conservation - Recreation	14,199		14,199
	<u>1,249,491</u>	<u>6,963,476</u>	<u>8,212,967</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>890,208</u>	<u>(867,640)</u>	<u>22,568</u>
Other Financing Receipts / (Disbursements):			
Sale of Capital Assets	758	40,846	41,604
Transfers-In		838,300	838,300
Transfers-Out	(838,300)		(838,300)
Other Financing Sources		6,400	6,400
	<u>(837,542)</u>	<u>885,546</u>	<u>48,004</u>
Total Other Financing Receipts / (Disbursements)			
Net Change in Fund Cash Balances	52,666	17,906	70,572
Fund Cash Balances, January 1 Restated	<u>9,463,480</u>	<u>5,762,138</u>	<u>15,225,618</u>
Fund Cash Balances, December 31	<u>\$9,516,146</u>	<u>\$5,780,044</u>	<u>\$15,296,190</u>
Reserve for Encumbrances, December 31	<u>\$97,819</u>	<u>\$649,984</u>	<u>\$747,803</u>

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

PERRYSBURG TOWNSHIP
WOOD COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Operating Cash Receipts:	
Zoning Professional Fees	\$3,142
Employee Cost Share Health Insurance	<u>74,198</u>
Total Operating Cash Receipts	77,340
Operating Cash Disbursements:	
Other	<u>72,603</u>
Operating Income	<u>4,737</u>
Fund Cash Balances, January 1	<u>9,700</u>
Fund Cash Balances, December 31	<u><u>\$14,437</u></u>
Reserve for Encumbrances, December 31	<u><u>\$15,590</u></u>

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

**PERRYSBURG TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 Perrysburg Township, Wood 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 five jointly governed organizations. These organizations are:

Jointly Governed Organizations:

Wood County Port Authority: In December 1998, the Northern Wood County Port Authority was created jointly with Perrysburg Township and the City of Rossford, pursuant to Ohio Revised Code Sections 4582.21 to 4582.59. In July 2010 the Port Authority was expanded to include all of Wood County and the County joined under section 4582.26, and the Port Authority was renamed the Wood County Port Authority. Originally the Trustees appoint two of the five board members. After July 2010 the board was expanded to seven, and when the Township appointees' terms expire the Township will only appoint one.

Rossford Transportation Improvement District:

In May 1997, the Wood County Commissioners approved formation of the Rossford Transportation Improvement District (TID) as permitted under Chapter 5540 of the Ohio Revised Code. The Trustees appoint two of the eight voting members

Toledo-Perrysburg Township Joint Economic Development District (JEDD):

Resolution 2008-26 was approved October 6, 2008 creating a joint economic development district (JEDD) in accordance with ORC 715.72 to 715.83 with the City of Toledo.

New Belleville Ridge Joint Cemetery:

The Township appoints two of the Board members and contributes to the financing of the Cemetery

Fort Meigs Union Cemetery:

The Township appoints one of the Board members and has placed a levy on the ballot for the benefit of the Cemetery. The Township receives the funds associated with the levy from the County and State, and pays them to the Cemetery.

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

**PERRYSBURG TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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.

The Township values U.S. Treasury Notes and United States Agency bonds and notes at cost. Money market mutual funds are recorded at share values the mutual funds report.

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 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:

Fire District Levy Fund - This fund receives property tax money to pay for fire protection.

Police District Levy Fund - This fund receives property tax money to pay for police protection.

3. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

**PERRYSBURG TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's had the following significant Agency Fund:

Employees Cost Share Health Insurance – This fund receives the employees' portion of the health insurance premium withheld from their pay.

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.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011 fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as **nonspendable** when legally or contractually required to maintain the amounts intact.

**PERRYSBURG TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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.

**PERRYSBURG TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

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 was as follows:

	2011	2010
Demand deposits	\$3,000,305	\$3,361,284
Certificates of deposit	1,145,758	1,138,481
Money markets	1,566,335	4,535,860
Total deposits	5,712,398	9,035,625
U.S. Treasury Notes	1,007,461	3,104,792
Federal Home Loan Mortgage Corp.	1,933,638	229,070
Federal Farm Credit Bank	756,992	1,660,380
Federal Home Loan Bank	2,263,766	804,666
Federal National Mortgage Association	3,539,467	476,094
Total investments	9,501,324	6,275,002
Total deposits and investments	<u>\$15,213,722</u>	<u>\$15,310,627</u>

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

Investments: The Federal Reserve holds the Township's U.S. Treasury Notes in book-entry form by, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,638,849	\$2,629,561	(\$9,288)
Special Revenue	7,282,937	7,062,440	(220,497)
Fiduciary	184,000	155,709	(28,291)
Total	<u>\$10,105,786</u>	<u>\$9,847,710</u>	<u>(\$258,076)</u>

**PERRYSBURG TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,116,544	\$2,352,823	\$763,721
Special Revenue	10,148,979	7,916,284	2,232,695
Fiduciary	195,590	112,283	83,307
Total	\$13,461,113	\$10,381,390	\$3,079,723

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,041,419	\$2,140,457	\$99,038
Special Revenue	7,288,986	6,981,382	(307,604)
Fiduciary	90,515	77,340	(13,175)
Total	\$9,420,920	\$9,199,179	(\$221,741)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,483,414	\$2,185,610	\$1,297,804
Special Revenue	10,174,046	7,613,460	2,560,586
Fiduciary	111,590	88,193	23,397
Total	\$13,769,050	\$9,887,263	\$3,881,787

Contrary to Ohio law, thirty-eight percent of the transactions tested were not certified by the Fiscal Officer.

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, 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.

**PERRYSBURG TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Retirement Systems

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. For 2011 and 2010, police officers contributed 11.1% and 11.61% respectively of their wages and the Township contributed an amount equal to 17.87% for 2010 and 18.10% for 2011 of their wages. For 2011 and 2010, 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, 2011.

6. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

7. Loan to Transportation District

In June of 1998, the Township purchased from the Rossford Transportation Improvement District (the District) a special assessment bond anticipation note with a face value of \$1,286,850, due June 1, 2000, for \$1,100,000. The District used the proceeds to construct roads and sewer lines in the Crossroads of America project area. In June of 1999, the Township sold the note subject to an agreement to repurchase the obligation in the event of default by the District. The District was unable to pay this obligation when due. In June of 2000, the Township repurchased the note for \$1,286,850.

In September 2000, the Township purchased \$661,310 of water and \$652,540 of sewer bonds from the District. The proceeds were used by the District to pay the aforementioned notes held by the Township in the amount of \$1,286,850. The bonds mature December 1, 2015. The bonds bear interest at 7 percent, but only to the extent of any tap-in fees actually paid. As of December 31, 2011, a total of \$72,813 has been collected by the Township.

In August 2000, the Township purchased a \$4,565,000 special assessment bond from the District. The bond bears interest of 8.5 percent, is payable over 20 years, and is secured by special assessments on property owners in the project area. In June of 2000, the District levied assessments of \$6.8 million to repay this debt. As of December 31, 2011 \$1,343,233 of the principal has been collected by the Township and all the interest payments are current.

PERRYSBURG TOWNSHIP
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

8. **Prior Period Restatement**

The following restatement is necessary to record prior period activity in the appropriate funds.

	General	Special Revenue
Fund Balance at December 31, 2009	\$ 9,506,238	\$ 5,719,380
Adjustments	(42,758)	42,758
Restated Fund Balances at January 1, 2010	<u>\$ 9,463,480</u>	<u>\$ 5,762,138</u>



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*

Perrysburg Township
Wood County
26609 Lime City Road
Perrysburg, Ohio 43551-4299

To the Board of Trustees:

We have audited the financial statements of Perrysburg Township, Wood County, Ohio (the Township), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 9, 2012 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*.

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 2011-002 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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 9, 2012.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 9, 2012

**PERRYSBURG TOWNSHIP
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-001

Noncompliance Citation

Ohio Revised Code, § 5705.41(D)(1), states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. 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. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 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.

Blanket Certificate: Fiscal Officers may prepare "blanket" certificates not exceeding amounts (appropriations) as approved by Board via Ordinance or Resolution, or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate: The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Thirty-eight percent of the transactions tested were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2011-001
(Continued)**

Certification is not only required by Ohio law but is a key control in the disbursements process to help assure purchase commitments receive prior approval, and to help reduce the possibility of Township funds being over expended or exceeding budgetary spending limitations as set by the Board. To improve controls over disbursements, we recommend all Township disbursements received prior certification of the Fiscal Officer and the Trustees periodically review the transactions to ensure they are certified by the Fiscal Officer and recorded against appropriations.

FINDING NUMBER 2011-002

Material Weakness

Financial Reporting

We encountered the following transactions that required reclassification adjustments:

- In 2010 and 2011 in the special revenue funds personal property reimbursement money was incorrectly posted as tax monies and should have been intergovernmental; the amounts were \$1,117,552 and \$946,672;
- In 2011 in the general fund \$141,825 was incorrectly presented as interest, and should have been \$132,000 donations and \$9,825 intergovernmental receipts;
- In 2011 in the special revenue funds \$633,676 of capital outlay disbursements were improperly shown as \$548,353 public safety and \$85,323 public works disbursements;
- In 2011 \$53,542 was improperly posted as fine and forfeiture in the agency fund, and should have been other receipts;
- In 2011 \$14,593 of seized money awarded to the Township was accounted for as transfers and should have been shown as agency fund disbursements and special revenue fund receipts.

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

Accurate financial reporting is the responsibility of the Fiscal Officer and Board of Trustees 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 Board to identify and correct errors and omissions.

Officials' Response:

We did not receive a response from Officials to the findings reported above

**PERRYSBURG TOWNSHIP
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Revised Code § 5705.41(D) failure to certify expenditures.	No	Repeated in this report as finding 2011-001.
2009-002	Ohio Revised Code § 5705.39 appropriations exceeding estimated resources.	Partially Corrected	Reduced to a management letter comment.

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Dave Yost • Auditor of State

PERRYSBURG TOWNSHIP

WOOD 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
MAY 24, 2012**