



Dave Yost • Auditor of State

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Providence Township, Lucas County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than

accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Providence Township, Lucas County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 3, 2015

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$98,934	\$332,238		\$431,172
Charges for Services		83,638		83,638
Licenses, Permits and Fees	5,394	17,900		23,294
Intergovernmental	27,796	166,416	\$50,256	244,468
Earnings on Investments	77	13		90
Miscellaneous	8,042	23,970		32,012
<i>Total Cash Receipts</i>	<u>140,243</u>	<u>624,175</u>	<u>50,256</u>	<u>814,674</u>
Cash Disbursements				
Current:				
General Government	140,193	8,571		148,764
Public Safety	3,299	243,460		246,759
Public Works	21,832	194,914		216,746
Health	16,126	13,379		29,505
Conservation-Recreation	100			100
Capital Outlay	697	44,906	50,256	95,859
Debt Service:				
Principal Retirement		78,224		78,224
Interest and Fiscal Charges		4,916		4,916
<i>Total Cash Disbursements</i>	<u>182,247</u>	<u>588,370</u>	<u>\$50,256</u>	<u>820,873</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(42,004)</u>	<u>35,805</u>		<u>(6,199)</u>
Other Financing Receipts				
Other Debt Proceeds		29,120		29,120
<i>Net Change in Fund Cash Balances</i>	(42,004)	64,925		22,921
<i>Fund Cash Balances, January 1</i>	<u>342,774</u>	<u>521,631</u>		<u>864,405</u>
Fund Cash Balances, December 31				
Restricted		586,556		586,556
Assigned	300,770			300,770
<i>Fund Cash Balances, December 31</i>	<u>\$300,770</u>	<u>\$586,556</u>		<u>\$887,326</u>

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

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$93,970	\$331,060	\$425,030
Charges for Services		103,994	103,994
Licenses, Permits and Fees	4,955	12,410	17,365
Intergovernmental	91,258	163,468	254,726
Earnings on Investments	77	14	91
Miscellaneous	14,461	13,209	27,670
<i>Total Cash Receipts</i>	<u>204,721</u>	<u>624,155</u>	<u>828,876</u>
Cash Disbursements			
Current:			
General Government	159,390	9,192	168,582
Public Safety	9,382	201,335	210,717
Public Works	45,288	204,858	250,146
Health	16,112	14,974	31,086
Conservation-Recreation	100		100
Capital Outlay		23,565	23,565
Debt Service:			
Principal Retirement		76,243	76,243
Interest and Fiscal Charges		7,426	7,426
<i>Total Cash Disbursements</i>	<u>230,272</u>	<u>537,593</u>	<u>767,865</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,551)</u>	<u>86,562</u>	<u>61,011</u>
Other Financing Receipts			
Sale of Capital Assets		10,750	10,750
<i>Net Change in Fund Cash Balances</i>	<u>(25,551)</u>	<u>97,312</u>	<u>71,761</u>
<i>Fund Cash Balances, January 1</i>	<u>368,325</u>	<u>424,319</u>	<u>792,644</u>
Fund Cash Balances, December 31			
Restricted		521,631	521,631
Assigned	305,320		305,320
Unassigned	37,454		37,454
<i>Fund Cash Balances, December 31</i>	<u>\$342,774</u>	<u>\$521,631</u>	<u>\$864,405</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, 2014 AND 2013**

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 the Providence Township, Lucas County, (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 Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 8 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

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

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.. The Township had the following significant Capital Project Fund:

Issue II Fund - The Township received a grant from the Ohio Public Works Commission to finance 2014 Culvert program project.

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. 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 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 2014 and 2013 budgetary activity appears in Note 3.

E. Fund Balance

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.

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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.

F. Property, Plant, and Equipment

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

G. 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.

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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:

	2014	2013
Demand deposits	\$887,326	\$864,405

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$167,080	\$140,243	(\$26,837)
Special Revenue	548,443	653,295	104,852
Capital Projects		50,256	50,256
Total	\$715,523	\$843,794	\$128,271

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$472,400	\$205,718	\$266,682
Special Revenue	866,700	623,083	243,617
Capital Projects		50,256	(50,256)
Total	\$1,339,100	\$879,057	\$460,043

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$159,250	\$204,721	\$45,471
Special Revenue	544,485	634,905	90,420
Total	\$703,735	\$839,626	\$135,891

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$404,400	\$230,272	\$174,128
Special Revenue	785,610	558,480	227,130
Total	\$1,190,010	\$788,752	\$401,258

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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.

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, 2014 was as follows:

	Principal	Interest Rate
OPWC Loan CT38H	\$17,871	0%
OPWC Loan CT26I	32,702	0%
OPWC Loan CL17K	19,076	0%
Total	\$69,649	

In 2006, the Township entered into a loan agreement CT38H with Ohio Public Works Commission (OPWC) in the amount of \$119,139 for the Hartman, Duran, and Pollock Road Project. The loan will be repaid in semiannual installments of \$5,957, interest free, over 10 years.

In 2007, the Township entered into a loan agreement CT26I with Ohio Public Works Commission (OPWC) in the amount of \$130,809 relates to the Henry-Lucas Road Project. The loan will be repaid in semiannual installments of \$6,540, interest free, over 10 years.

In 2008, the Township entered into a loan agreement CL17K with Ohio Public Works Commission (OPWC) in the amount of \$54,504 for the Doran and Perry Road Project. The loan will be repaid in semiannual installments of \$2,725, interest free, over 10 years.

Amortization of the above debt, including interest, is scheduled as follows:

	OPWC Loan CT38H	OPWC Loan CT26I	OPWC Loan CL17K
Year ending December 31:			
2015	\$11,914	\$13,081	\$5,450
2016	5,957	13,081	5,450
2017		6,540	5,450
2018			2,726
Total	\$17,871	\$32,702	\$19,076

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Lease-Purchase Agreements

Lease-Purchases outstanding at December 31, 2014 were as follows:

	Principal	Interest Rate
Pierce Commercial Pumper	\$33,286	4.29%
Duraco Durapatcher	34,506	5.49%
Ford F350 Truck	29,120	6.45%
Total	\$96,912	

The Township authorized on August 19, 2005, the execution of a Master-Lease-Purchase agreement for the purchase of acquiring a 2006 Pierce Commercial Pumper plus equipment. As collateral security for the secured obligations, the Township (lessee) grants to Oshkosh (lessor) a first priority security interest in any and all of the equipment

The Township authorized on April 15, 2012 the execution of a Master-Lease-Purchase agreement for the purpose of acquiring a Duraco Durapatcher. As collateral security for secured obligations, the Township (lessee) grants to Kansas State Bank of Manhattan (lessor) a first priority security interest in any and all of the equipment.

The Township authorized on August 27, 2014 the execution of a Master Equipment Lease-Purchase agreement for the purpose of acquiring a 2015 Ford F350 truck 4x4 with Dump and Western Plow. As collateral security for secured obligations, the Township (lessee) grants to Ford Motor Credit Company (lessor) a first priority security interest in any and all of the equipment.

Amortization of the above, including interest, is scheduled as follows:

	Pierce Commercial Pumper	Dura Durapatcher	Ford F350 Truck
Year ending December 31:			
2015	\$34,714	\$12,602	\$8,490
2016		12,602	8,490
2017		12,602	8,490
2018			8,490
Total	\$34,714	\$37,806	\$33,960

7. 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 plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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, 2014.

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. Risk Pool Membership

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 is legally separate from its member governments.

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.

OPRM coverage programs 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 retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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 equity at December 31, 2013 and 2014

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

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

9. Compliance

Contrary to the Ohio Revised Code, the Township posted Fire / EMS contracts, an Intergovernmental receipt, a Sale of Capital Asset receipt, and Miscellaneous receipts for restitution and insurance claim for stolen fire equipment to the General Fund that should have been posted in the Fire Operating Levy Fund.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Providence Township, Lucas County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated November 3, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 and 2014-002 described in the accompanying schedule of findings to be material weaknesses.

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, opining 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 or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-003.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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
Columbus, Ohio

November 3, 2015

**PROVIDENCE TOWNSHIP
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Material Weakness - Financial Reporting

The Township should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements and notes to the financial statements. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The Fiscal Officer did not always accurately post receipts and disbursements to the Township's accounting system and did not reflect all relevant information in the notes to the financial statements. Also, the Fiscal Officer did not accurately reflect the assigned fund balances for the General Fund at year ends. These were the result of not performing a review of entered financial statement amounts, of the notes to the financial statements to include all relevant information, and lack of understanding concerning the requirements of GASB Statement No. 54. Errors such as the following were noted in the financial statements which required material audit adjustments:

- Charges for Services receipts for Fire / EMS contracts in the amount of \$24,243 and fire related disbursements in the amount of \$29,908 in 2014 should have been posted to the Fire Operating Levy Fund and were incorrectly posted to the General Fund.
- Charges for Services receipts for Fire / EMS contracts in the amount of \$31,548 and fire related disbursements in the amount of \$22,815 in 2013 should have been posted to the Fire Operating Levy Fund and were incorrectly posted to the General Fund.
- Principal Retirement payments in the amounts of \$78,224 in 2014, along with \$4,916 for Interest and Finance Charges for the OPWC loans and lease-purchases from the Special Revenue Fund Types were misclassified amongst Public Safety, Public Works, and Capital Outlay disbursements.
- Principal Retirement payments in the amounts of \$76,243 in 2013, along with \$7,426 for Interest and Finance Charges for the OPWC loans and lease-purchases from the Special Revenue Fund Types were misclassified amongst Public Safety, Public Works, and Capital Outlay disbursements.
- Intergovernmental receipt in the amount of \$4,500 for a Fire Grant Award; Sale of Capital Asset in the amount of \$10,750; and Miscellaneous receipts in the amounts \$10,560 for restitution and insurance claim for stolen fire equipment in 2013 should have been posted to the Fire Operating Levy Fund and were incorrectly posted to the General Fund.
- Assigned fund cash balance amounts of \$300,770 and \$305,320 for 2014 and 2013 respectively for appropriations in excess of estimated receipts for 2015 and 2014 were posted as Unassigned fund cash balance amounts in the General Fund.

As a result, the financial statements did not correctly reflect the financial activity of the Township. The accompanying financial statements and, where applicable, the Township's accounting records have been adjusted to reflect these amounts in the correct funds and accounts. The Notes to the Financial Statements also required significant revisions and edits upon receiving them from the Fiscal Officer.

We recommend the Fiscal Officer post all transactions in accordance with the guidance established by the Ohio Township Handbook Chart of Accounts issued by the Auditor of State. Further, the Township should adopt policies and procedures including a final review of the financial statements by the Fiscal Officer and Board of Trustees to ensure that errors and omissions are detected and corrected.

FINDING NUMBER 2014-002

Material Weakness - Capital Lease

In 2014, the Township entered into a \$29,120 lease-purchase for a 2015 Ford F350 truck 4x4 with Dump and Western Plow from the Ford Motor Credit Company. The Fiscal Officer did not record the receipt and disbursement, nor an estimated resource or appropriation on the ledgers for this activity. This was the result of lack of understanding concerning the requirements of recording the initial lease-purchase as other debt proceeds, the disbursement as capital outlay and the related budgetary activity. The Township was the beneficiary of the underlying assets acquired with the debt proceeds and therefore the cash value of the benefits received and subsequent disbursements should be recorded as memorandum receipts and disbursements. The accompanying financial statements were adjusted to reflect these amounts in the Permissive Motor Vehicle License Tax Fund.

Sound 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 and accompanying notes 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 of Trustees, to identify and correct errors and omissions.

FINDING NUMBER 2014-003

Noncompliance Citation

Ohio Rev. Code §5705.10 requires that all revenue derived from a general levy for current expense shall be paid into the general fund. All revenue derived from a source other than the general property tax and which the law prescribes, shall be used for a particular purpose is to be paid into a special fund.

As noted in Finding 2014-001, the Fiscal Officer posted Fire / EMS contracts, an Intergovernmental receipt, a Sale of Capital Asset receipt, and Miscellaneous receipts for restitution and insurance claim for stolen fire equipment to the General Fund that should have been posted in the Fire Operating Levy Fund.

The Township should record such monies in the proper fund as required by the Ohio Revised Code. As further described in Finding Number 2014-001, we also recommend the Fiscal Officer post all transactions in accordance with the guidance established by the Ohio Township Handbook Chart of Accounts issued by the Auditor of State.

Officials' Response:

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

PROVIDENCE TOWNSHIP
LUCAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Material weakness due to errors in financial reporting.	No	Not corrected and repeated as Finding 2014-001 in this report.

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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
DECEMBER 1, 2015**