



**Auditor of State  
Betty Montgomery**



**PERRYSBURG TOWNSHIP  
WOOD COUNTY**

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**Auditor of State  
Betty Montgomery**

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

To the Township 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 a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an 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 "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

October 10, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Township Trustees:

We have audited the accompanying financial statements of Perrysburg Township, Wood County, (the Township) as of and for the years ended December 31, 2005 and 2004. 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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, 2005 and 2004, 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, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Perrysburg Township, Wood County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2006, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

October 10, 2006



**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, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$473,522	\$3,869,303	\$4,342,825
Intergovernmental	2,414,127	607,717	3,021,844
Special Assessments		59,502	59,502
Charges for Services		206,569	206,569
Licenses, Permits, and Fees	190,770		190,770
Fines, Forfeitures, and Penalties	23,264	4,989	28,253
Earnings on Investments	297,617	4,779	302,396
Other Revenue	71,567	102,212	173,779
	<u>3,470,867</u>	<u>4,855,071</u>	<u>8,325,938</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Current:			
General Government	976,175		976,175
Public Safety	6,201	4,465,065	4,471,266
Public Works	4,852	937,563	942,415
Health	31,888		31,888
Conservation - Recreation	19,587		19,587
Miscellaneous		28,518	28,518
Capital Outlay	10,320		10,320
	<u>1,049,023</u>	<u>5,431,146</u>	<u>6,480,169</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>2,421,844</u>	<u>(576,075)</u>	<u>1,845,769</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In		1,003,000	1,003,000
Transfers-Out	(1,003,000)		(1,003,000)
	<u>(1,003,000)</u>	<u>1,003,000</u>	
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	1,418,844	426,925	1,845,769
Fund Cash Balances, January 1	<u>8,372,186</u>	<u>2,698,951</u>	<u>11,071,137</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$9,791,030</u></b>	<b><u>\$3,125,876</u></b>	<b><u>\$12,916,906</u></b>
Reserve for Encumbrances, December 31	<u>\$43,659</u>	<u>\$181,318</u>	<u>\$224,977</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, 2004**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$462,954	\$3,300,062		\$3,763,016
Intergovernmental	1,583,034	456,715	\$ 103,077	2,142,826
Special Assessments		54,967		54,967
Charges for Services		232,897		232,897
Licenses, Permits, and Fees	126,112			126,112
Fines, Forfeitures, and Penalties	21,757	49,776		71,533
Earnings on Investments	149,526	286		149,812
Other Revenue	72,221	121,215		193,436
	<u>2,415,604</u>	<u>4,215,918</u>	<u>103,077</u>	<u>6,734,599</u>
<b>Total Cash Receipts</b>				
	<u>2,415,604</u>	<u>4,215,918</u>	<u>103,077</u>	<u>6,734,599</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	1,008,898	23,162		1,032,060
Public Safety	22,962	4,671,235		4,694,197
Public Works	4,892	1,031,289		1,036,181
Health	34,787			34,787
Conservation - Recreation	21,732			21,732
Miscellaneous		6,775		6,775
Capital Outlay	118,248	47,305	103,077	268,630
	<u>1,211,519</u>	<u>5,779,766</u>	<u>103,077</u>	<u>7,094,362</u>
<b>Total Cash Disbursements</b>				
	<u>1,211,519</u>	<u>5,779,766</u>	<u>103,077</u>	<u>7,094,362</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>1,204,085</u>	<u>(1,563,848)</u>		<u>(359,763)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In		1,400,000		1,400,000
Transfers-Out	(1,400,000)			(1,400,000)
	<u>(1,400,000)</u>	<u>1,400,000</u>		
<b>Total Other Financing Receipts/(Disbursements)</b>				
	<u>(1,400,000)</u>	<u>1,400,000</u>		
<b>Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements</b>	(195,915)	(163,848)		(359,763)
<b>Fund Cash Balances, January 1</b>	<u>8,568,101</u>	<u>2,862,799</u>		<u>11,430,900</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$8,372,186</u></u>	<u><u>\$2,698,951</u></u>		<u><u>\$11,071,137</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$76,401</u></u>	<u><u>\$256,056</u></u>		<u><u>\$332,457</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, 2005 AND 2004**

**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 Perrysburg Township, Wood 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, street lighting, police protection, 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 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. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

United States Agency issues are valued at cost. Investments in mutual funds (including STAR Ohio) are valued at amounts reported by the mutual fund.

**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 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.

**PERRYSBURG TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

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

Ambulance District Levy Fund – This fund receives property tax money to pay for ambulance services.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio to resurface Carter 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.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**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.

**PERRYSBURG TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2005	2004
Demand deposits	\$3,006,643	\$791,385
Certificates of deposit	4,160,081	10,000
Total deposits	7,166,724	801,385
Money Market Accounts	173,930	134,416
Federal Home Loan Mortgage Corporation	1,279,382	1,202,624
Federal Home Loan Bank	1,896,050	5,530,830
US Treasury Notes	975,963	594,797
Federal National Mortgage Association	1,424,857	2,807,085
Total investments	5,750,182	10,269,752
Total deposits and investments	\$12,916,906	\$11,071,137

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

**Investments:** Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, US Treasury Notes, Federal National Mortgage Association Notes, are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

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 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,103,335	\$3,470,867	\$1,367,532
Special Revenue	6,854,869	5,858,071	(996,798)
Total	\$8,958,204	\$9,328,938	\$370,734

**PERRYSBURG TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,561,702	\$2,095,682	\$2,466,020
Special Revenue	7,356,211	5,612,464	1,743,747
Total	\$11,917,913	\$7,708,146	\$4,209,767

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,686,178	\$2,415,604	\$729,426
Special Revenue	6,190,011	5,615,918	(574,093)
Capital Projects		103,077	103,077
Total	\$7,876,189	\$8,134,599	\$258,410

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,044,990	\$2,687,920	\$3,357,070
Special Revenue	7,375,258	6,035,822	1,339,436
Capital Projects		103,077	(103,077)
Total	\$13,420,248	\$8,826,819	\$4,593,429

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Issue II fund by \$103,077 for the year ended December 31, 2004.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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, 2005 AND 2004  
(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 2005 and 2004, members of OP&F participants contributed 10 percent of their wages. The Township contributed an amount equal to 24 percent of their wages to OP&F. OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles.

**7. LOAN TO TRANSPORTATION IMPROVEMENT 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 \$1,286,850 water and 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 bear interest at 7 percent, and is payable as tap-in fees are collected. As of December 31, 2005, no tap-in fees have been collected.

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 \$6.5 million to repay this debt. As of December 31, 2003, assessments of \$1,570,017 have been collected by the Township. The land on which this project had been started was sold at Sheriff's sale on June 22, 2006, due to delinquency of taxes. The proceeds of the sale were placed in escrow to be distributed at a later date upon determination by the Wood County Auditor.

**PERRYSBURG TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**8. LOAN TO THE ROSSFORD ARENA AMPHITHEATER AUTHORITY**

In June 1999, the Township loaned the Rossford Arena Amphitheater Authority (the Authority) \$5 million, at 8 percent interest, to help finance construction of the arena and amphitheater. The loan was due June 1, 2000. The Authority was unable to obtain financing to repay the loan.

Construction on the arena and amphitheater ceased in November 1999, due to lack of additional financing. These facilities are substantially incomplete. As of December 31, 2005, the Township has not received any payments related to this obligation.





**Auditor of State  
Betty Montgomery**

**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 Township Trustees:

We have audited the financial statements of the Perrysburg Township, Wood County (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 10, 2006, 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated October 10, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

### **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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 and 2005-002. In a separate letter to the Township's management dated October 10, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and Board of Trustees. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

October 10, 2006

**PERRYSBURG TOWNSHIP  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2005-001**

**Ohio Revised Code § 5705.41(B)** prohibits a subdivision from making an expenditure unless it has been properly appropriated. Our testing of budgetary compliance identified that expenditures plus encumbrances exceeded appropriations by \$103, 077 in the Ohio Public Works Commission State Issue II Fund in 2004.

Management was advised that the failure to have adequate appropriations in place at the time expenditures are being made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The fiscal officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The fiscal officer may request the Trustees approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**Clients Response:**

Perrysburg Township will modify appropriations when Ohio Public Works Commission money is received in the future.

**FINDING NUMBER 2005-002**

**Chapter 5705** of the Revised Code sets forth a scheme that provides for a uniform budget and appropriation process in order to assure that a governmental entity expends no more than it expects to receive in revenue. In order to accomplish this end, all appropriations must be accounted to and from each appropriation fund. While federal and state loan and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded per **ORC 5705.42**. Thus, a mechanism is still required to account for receipt and expenditure. That mechanism is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation per **ORC 5705.40**. An original appropriation measure must be passed by the taxing authority, and any amendment of, or supplement to, that measure also requires legislative action **ORC 5705.38**.

In 2004, the Township was the beneficiary of \$103,077 of Ohio Public Works Commission funds sent directly to the vendor. This activity was not recorded on the ledgers of the Township. However, **Auditor of State Bulletins 2002-004** and **2000-008** prescribe recording these transactions as receipts and disbursements when the Township applies for a project and has administrative responsibilities. The accompanying financial statements were adjusted to reflect the amount in a Capital Project Fund.

We recommend the Township record all benefits received from state or federal grants as a memo receipt and expenditure on the Township's records, request an amended certificate of estimated resources for these funds and the Trustees approve a corresponding appropriation for the expenditure. In addition, Township management should review **Auditor of State Bulletins 2002-004** and **2000-008**.

**Clients Response:**

Perrysburg Township will record such transactions, as advised, when received in the future.



**Auditor of State  
Betty Montgomery**

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**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  
NOVEMBER 9, 2006**