

GERMAN TOWNSHIP

DAYTON REGION, MONTGOMERY COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
German Township
12102 State Route 725 West
Germantown, Ohio 45327

We have reviewed the *Report of Independent Auditors'* of German Township, Montgomery County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Auditors'* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Auditors'* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. German Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 19, 2006

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**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

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**MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

REPORT OF INDEPENDENT AUDITORS'

Board of Trustees
German Township
12102 State Route 725 West
Germantown, Ohio 45327

We have audited the accompanying financial statements of German Township, Montgomery 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 that our audits provide 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 of German Township, Montgomery 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 a 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 grants 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

October 10, 2006

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**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	GOVERNMENTAL FUND TYPES				Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Fiduciary Funds	
Cash Receipts:					
Taxes	\$ 23,814	\$ 1,210,289	0	\$ 0	\$ 1,234,103
Changes for Services	0	163,182	0		163,182
Intergovernmental Receipts	103,877	252,286	176,001	0	532,164
Licenses, Permits and Fees	19,650	0	0	0	19,650
Fines and Forfeitures	4,365	195	0	0	4,560
Earnings on Investments	20,498	990	0	0	21,488
Miscellaneous	5,980	2,904	0	0	8,884
Total Cash Receipts	<u>178,184</u>	<u>1,629,846</u>	<u>176,001</u>	<u>0</u>	<u>1,984,031</u>
Cash Disbursements:					
Current:					
General Government	123,518	83,419	0	0	206,937
Public Safety	0	717,081	0	0	717,081
Public Works	1,077	535,554	0	0	536,631
Health	0	59,398	0	0	59,398
Conservation/Recreation	0	61,381	0	0	61,381
Capital Outlay	31,583	42,250	176,001	0	249,834
Debt Service:					
Redemption of Principal	11,258	33,540	0	0	44,798
Interest and Other Fiscal Charges	21,028	843	0	0	21,871
Total Cash Disbursements	<u>188,464</u>	<u>1,533,466</u>	<u>176,001</u>	<u>0</u>	<u>1,897,931</u>
Total Receipts Over/(Under) Disbursements	<u>(10,280)</u>	<u>96,380</u>	<u>0</u>	<u>0</u>	<u>86,100</u>
Other Financing Receipts/Disbursements					
Sale of Notes	0	0	0	0	0
Sale of Fixed Assets	0	20	0	0	20
Transfers In	0	26,085	0	0	26,085
Transfers Out	(16,522)	(9,563)	0	0	(26,085)
Total Other Financing Receipts/(Disbursements)	<u>(16,522)</u>	<u>16,542</u>	<u>0</u>	<u>0</u>	<u>20</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(26,802)</u>	<u>112,922</u>	<u>0</u>	<u>0</u>	<u>86,120</u>
Fund Cash Balances, January 1, 2005	<u>120,359</u>	<u>855,449</u>	<u>0</u>	<u>1,130</u>	<u>976,938</u>
Fund Cash Balances, December 31, 2005	<u>\$ 93,557</u>	<u>\$ 968,371</u>	<u>0</u>	<u>\$ 1,130</u>	<u>\$ 1,063,058</u>

The Notes to the Financial Statements are an integral part of this statement.

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005

	Non-Expendable <u>Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$ 1,356
Operating Cash Disbursements:	
Miscellaneous	<u>533</u>
Operating Income	823
Fund Cash Balance, January 1, 2005	<u>44,429</u>
Fund Cash Balance, December 31, 2005	<u><u>\$ 45,252</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Fiduciary Funds	
Cash Receipts:				
Taxes	\$ 23,321	\$ 1,201,191	\$ 0	\$ 1,224,512
Changes for Services	0	165,703	0	165,703
Intergovernmental Receipts	104,859	251,858	0	356,717
Licenses, Permits and Fees	15,017	0	0	15,017
Fines and Forfeitures	6,989	4,034	0	11,023
Earnings on Investments	8,489	478	0	8,967
Miscellaneous	3,632	5,277	0	8,909
Total Cash Receipts	<u>162,307</u>	<u>1,628,541</u>	<u>0</u>	<u>1,790,848</u>
Cash Disbursements:				
Current:				
General Government	140,334	65,454	0	205,788
Public Safety	0	767,189	0	767,189
Public Works	1,077	445,931	0	447,008
Health	0	59,166	0	59,166
Conservation/Recreation	0	101,820	0	101,820
Capital Outlay	7,330	102,143	0	109,473
Debt Service:				
Redemption of Principal	10,861	47,181	0	58,042
Interest and Other Fiscal Charges	2,553	1,995	0	4,548
Total Cash Disbursements	<u>162,155</u>	<u>1,590,879</u>	<u>0</u>	<u>1,753,034</u>
Total Receipts Over/(Under) Disbursements	<u>152</u>	<u>37,662</u>	<u>0</u>	<u>37,814</u>
Other Financing Receipts/Disbursements				
Sale of Notes	0	12,000	0	12,000
Sale of Fixed Assets	712	16,000	0	16,712
Transfers In	0	6,129	0	6,129
Transfers Out	(6,129)	0	0	(6,129)
Advances In	5,000	5,000	0	10,000
Advances Out	(5,000)	(5,000)	0	(10,000)
Total Other Financing Receipts/(Disbursements)	<u>(5,417)</u>	<u>34,129</u>	<u>0</u>	<u>28,712</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(5,265)</u>	<u>71,791</u>	<u>0</u>	<u>66,526</u>
Fund Cash Balances, January 1, 2004	<u>125,624</u>	<u>783,658</u>	<u>1,130</u>	<u>910,412</u>
Fund Cash Balances, December 31, 2004	<u>\$ 120,359</u>	<u>\$ 855,449</u>	<u>\$ 1,130</u>	<u>\$ 976,938</u>

The Notes to the Financial Statements are an integral part of this statement.

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004

	Non-Expendable <u>Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$ 562
Operating Cash Disbursements:	
Miscellaneous	<u> 381</u>
Operating Income	181
Fund Cash Balance, January 1, 2004	<u>44,248</u>
Fund Cash Balance, December 31, 2004	<u><u>\$ 44,429</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

German Township of Montgomery County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, park operations and police services. The Township has a contract with the Village of Germantown to provide fire and ambulance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Demand deposits are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds:

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds: (Continued)

Gasoline Tax Fund – This fund receives gasoline money for constructing, maintaining and repairing Township roads.

Motor Vehicle License Tax Fund – This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Township roads.

Waste Disposal District – This fund receives revenues from charges for services from the citizens for their garbage pickup.

Police District – This fund receives tax monies to provide police protection for the Township residents.

Fire Levy – This fund receives tax monies to provide fire and ambulance services to Township residents. Services are provided through a contract with the Village of Germantown.

Capital Project Funds

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

Issue II Fund – The Township received grants from the State of Ohio for road work.

Fiduciary Funds:

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Cemetery Bequest – This non-expendable trust fund is maintained in perpetuity, and investment earnings are used for the upkeep of the cemetery.

E. Budgetary Process

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

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. Appropriations lapse at year-end.

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINACIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled, and reappropriated in the subsequent year.

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

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at December 31 was as follows:

	<u>2005</u>	<u>2004</u>
Demand Deposits	\$ 304,850	\$ 393,762
Investments:		
Star Ohio	<u>803,460</u>	<u>627,605</u>
Total Deposits and Investments	<u>\$1,108,310</u>	<u>\$1,021,367</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Investments: The investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form.

**GERMAN TOWNSHIP
MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2005 was as follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 119,369	\$ 178,184	\$ 58,815
Special Revenue	1,663,980	1,655,951	(8,029)
Capital Projects	326,001	176,001	(150,000)
Expendable Trust	0	0	0
Nonexpendable Trust	651	1,356	705
Total	<u>\$ 2,110,001</u>	<u>\$ 2,011,492</u>	<u>\$ (98,509)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 218,728	\$ 204,986	\$ 13,742
Special Revenue	2,366,030	1,543,029	823,001
Capital Projects	326,001	176,001	150,000
Expendable Trust	1,129	0	1,129
Nonexpendable Trust	2,525	533	1,992
Total	<u>\$ 2,914,413</u>	<u>\$ 1,924,549</u>	<u>\$ 989,864</u>

Budgetary activity for the year ending December 31, 2004 was as follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 126,440	\$ 163,019	\$ 36,579
Special Revenue	1,474,596	1,662,670	188,074
Expendable Trust	2	0	(2)
Nonexpendable Trust	627	562	(65)
Total	<u>\$ 1,601,665</u>	<u>\$ 1,826,251</u>	<u>\$ 224,586</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 238,704	\$ 168,284	\$ 70,420
Special Revenue	2,234,155	1,590,879	643,276
Expendable Trust	1,129	0	1,129
Nonexpendable Trust	2,525	381	2,144
Total	<u>\$ 2,476,513</u>	<u>\$ 1,759,544</u>	<u>\$ 716,969</u>

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Cemetery Building Bond	\$53,744	3.6%
Total	<u>\$53,744</u>	

On April 12, 2003, the Township refinanced building bonds in the amount of \$82,890, which had been issued for the construction of a Garage/Office complex for the use of the Germantown Union Cemetery. The bonds mature April 12, 2010.

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

Year Ending December 31:	<u>Cemetery Building Bonds</u>
2006	\$13,413
2007	13,413
2008	13,414
2009	13,414
2010	4,471
Total	<u>\$58,125</u>

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

6. LEASES

The Township entered into a lease agreement with Ohio Township Association Master Leasing Program for the lease of a John Deere backhoe. The Township leases this to the Germantown Union Cemetery. The Township received and disbursed \$6,380 to pay lease costs for the year ended December 31, 2005.

The Township entered into a lease agreement with Ohio Township Association Master Leasing Program for the lease of property. The Township leases the property under a noncancellable lease. The property is leased to the Germantown Union Cemetery. The Township received and disbursed \$21,891 to pay lease costs for the year ended December 31, 2005.

Future lease payments for the above leases are as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2006	\$27,465
2007	27,035
2008	31,605
2009	30,960
2010	30,312
2011 – 2015	113,150
2016 – 2019	90,226
Total	<u>\$350,753</u>

7. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. Law enforcement members contribute 10.1 percent and other OPERS members contribute 8.5 percent of their gross salaries. The Township contributes an amount equal to 16.7 percent for police, and 13.55 percent for all other members, of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

8. TRANSFERS AND ADVANCES

During 2005, the Township transferred \$9,563 from the FEMA fund, to the Permissive Motor Vehicle License Tax Fund to reimburse this fund for expenses incurred during the snow storm during 2004.

Also during 2004, the Township made advances from the General Fund to the Permissive Motor Vehicle Fund. The advance was paid in full.

These transfers and advances were permitted under Ohio Revised Code Section 5705.13

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

8. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2004 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	2,000,000	Per Occurrence
Law Enforcement Operations	2,000,000	Per Occurrence
Wrongful Acts	2,000,000	Per Occurrence
Property	624,600	Total Coverage
Boiler and Machinery	N/A	Limit

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2004 and 2003 (the latest information available):

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained Earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>
 <u>Property Coverage</u>	 <u>2004</u>	 <u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained Earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

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**MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

Board of Trustees
German Township
12102 State Route 725 West
Germantown, Ohio 45327

We have audited the financial statements of the German Township, Montgomery 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 to be 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 grants 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matter we must report under *Government Auditing Standards*. In a separate letter to the Township's management dated October 10, 2006, we reported matters relating to noncompliance we deemed immaterial.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

October 10, 2006

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Waste Disposal Records and Reconciliations	Yes	
2003-002	Monitoring Waste Disposal Billing and Collection Activities – Segregation of Duties	Yes	



**Auditor of State
Betty Montgomery**

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800-282-0370

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**GERMAN TOWNSHIP
MONTGOMERY 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
JANUARY 2, 2007**