



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

German Township
Montgomery County
12102 State Route 725 West
Germantown, Ohio 45327-9661

To the Board of Trustees:

We have audited the accompanying financial statements of German Township, Montgomery County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2000 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 2, 2000

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
					Exp. Trust	
Cash Receipts:						
Local Taxes	\$18,120	\$839,903	\$0	\$0	\$0	\$858,023
Intergovernmental	143,589	195,533	0	828	0	339,950
Charges for Services	0	126,040	0	0	0	126,040
Licenses, Permits, and Fees	14,262	0	0	0	0	14,262
Fines, Forfeitures, and Penalties	2,712	450	0	0	0	3,162
Earnings on Investments	30,402	574	0	0	0	30,976
Other Revenue	10,384	26,455	0	0	0	36,839
	<u>219,469</u>	<u>1,188,955</u>	<u>0</u>	<u>828</u>	<u>0</u>	<u>1,409,252</u>
Total Cash Receipts						
Cash Disbursements:						
Current:						
General Government	116,310	79,375	0	0	0	195,685
Public Safety	0	487,019	0	0	0	487,019
Public Works	1,077	430,049	0	0	0	431,126
Health	0	0	0	0	7,646	7,646
Conservation - Recreation	0	19,475	0	0	0	19,475
Miscellaneous	0	0	0	0	0	0
Debt Service:						
Redemption of Principal	0	17,143	0	0	0	17,143
Interest and Fiscal Charges	0	2,520	0	0	0	2,520
Capital Outlay	12,739	15,375	0	828	0	28,942
	<u>130,126</u>	<u>1,050,956</u>	<u>0</u>	<u>828</u>	<u>7,646</u>	<u>1,189,556</u>
Total Cash Disbursements						
Total Receipts Over/(Under) Disbursements	<u>89,343</u>	<u>137,999</u>	<u>0</u>	<u>0</u>	<u>(7,646)</u>	<u>219,696</u>
Other Financing Receipts/(Disbursements):						
Transfers-In	0	15,841	0	0	16,500	32,341
Advances-In	55,000	60,000	0	0	0	115,000
Transfers-Out	(32,341)	0	0	0	0	(32,341)
Advances-Out	(60,000)	(55,000)	0	0	0	(115,000)
	<u>(37,341)</u>	<u>20,841</u>	<u>0</u>	<u>0</u>	<u>16,500</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)						
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>52,002</u>	<u>158,840</u>	<u>0</u>	<u>0</u>	<u>8,854</u>	<u>219,696</u>
Fund Cash Balances, January 1	<u>254,264</u>	<u>490,211</u>	<u>0</u>	<u>0</u>	<u>551</u>	<u>745,026</u>
Fund Cash Balances, December 31	<u>\$306,266</u>	<u>\$649,051</u>	<u>\$0</u>	<u>\$0</u>	<u>\$9,405</u>	<u>\$964,722</u>
Reserve for Encumbrances, December 31	<u>\$104,629</u>	<u>\$251</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$104,880</u>

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

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS
AND CHANGES IN FUND CASH BALANCES - NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Non-Expendable Trust</u>
Cash Receipts:	
Interest	<u>\$1,999</u>
Total Cash Receipts	1,999
Cash Disbursements:	
Supplies and materials	<u>1,625</u>
Total Cash Disbursements	<u>1,625</u>
Operating income/(loss)	374
Fund cash balances, January 1, 1999	<u>41,997</u>
Fund cash balances, December 31, 1999	<u><u>\$42,371</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 FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u> Expend. Trust	
Cash Receipts:						
Local Taxes	\$17,901	\$739,057	\$0	\$0	\$0	\$756,958
Intergovernmental	87,940	172,921	0	335,125	0	595,986
Charges for Services	0	44,984	0	0	0	44,984
Licenses, Permits, and Fees	14,297	0	0	0	0	14,297
Fines, Forfeitures, and Penalties	8,297	453	0	0	0	8,750
Earnings on Investments	22,176	630	0	0	0	22,806
Other Revenue	7,809	22,927	0	0	100	30,836
Total Cash Receipts	<u>158,420</u>	<u>980,972</u>	<u>0</u>	<u>335,125</u>	<u>100</u>	<u>1,474,617</u>
Cash Disbursements:						
Current:						
General Government	96,627	1,361	0	0	0	97,988
Public Safety	0	435,131	0	0	0	435,131
Public Works	1,829	310,185	0	0	0	312,014
Health	314	0	0	0	11,625	11,939
Conservation - Recreation	0	16,665	0	0	0	16,665
Debt Service:						
Redemption of Principal	0	17,143	0	0	0	17,143
Interest and Fiscal Charges	0	3,300	0	0	0	3,300
Capital Outlay	7,945	40,141	0	335,125	0	383,211
Total Cash Disbursements	<u>106,715</u>	<u>823,926</u>	<u>0</u>	<u>335,125</u>	<u>11,625</u>	<u>1,277,391</u>
Total Receipts Over/(Under) Disbursements	<u>51,705</u>	<u>157,046</u>	<u>0</u>	<u>0</u>	<u>(11,525)</u>	<u>197,226</u>
Other Financing Receipts/(Disbursements):						
Transfers-In	0	7,971	0	0	9,000	16,971
Advances-In	50,000	50,000	0	0	0	100,000
Transfers-Out	(16,971)	0	0	0	0	(16,971)
Advances-Out	(50,000)	(50,000)	0	0	0	(100,000)
Total Other Financing Receipts/(Disbursements)	<u>(16,971)</u>	<u>7,971</u>	<u>0</u>	<u>0</u>	<u>9,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>34,734</u>	<u>165,017</u>	<u>0</u>	<u>0</u>	<u>(2,525)</u>	<u>197,226</u>
Fund Cash Balances, January 1	<u>219,530</u>	<u>325,194</u>	<u>0</u>	<u>0</u>	<u>3,076</u>	<u>547,800</u>
Fund Cash Balances, December 31	<u>\$254,264</u>	<u>\$490,211</u>	<u>\$0</u>	<u>\$0</u>	<u>\$551</u>	<u>\$745,026</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS
AND CHANGES IN FUND CASH BALANCES - NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Non-Expendable Trust</u>
Cash Receipts:	
Interest	<u>\$2,523</u>
Total Cash Receipts	2,523
Cash Disbursements:	
Salaries	550
Supplies and materials	<u>1,346</u>
Total Cash Disbursements	<u>1,896</u>
Operating income/(loss)	627
Fund cash balances, January 1, 1998	<u>41,370</u>
Fund cash balances, December 31, 1998	<u><u>\$41,997</u></u>

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

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

German Township, 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 general governmental services, including road and bridge maintenance, cemetery maintenance, park operations and police services. The Township contracts 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 paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash 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. Mutual funds are recorded at share values reported by the mutual fund.

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.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads

Trash District - This fund receives monies from citizens for their trash pickup.

Police District - Receives tax monies to provide protection of persons and property to township residents.

Fire Levy Fund - Receives tax monies to provide fire and ambulance services to township residents. Services are provided through a contract with the Village of Germantown.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Issue II Funds - The Township received a grant from the State of Ohio to refurbish Weaver and Puddenbag Roads.

5. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Cemetery Bequest Fund - A non-expendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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>1999</u>	<u>1998</u>
Demand deposits	323,993	279,819
Total deposits	323,993	279,819
STAR Ohio	683,100	507,204
Total investments	683,100	507,204
Total deposits and investments	\$1,007,093	\$787,023

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$156,246	\$219,469	\$63,223
Special Revenue	1,143,280	1,204,796	61,516
Debt Service	0	0	0
Capital Projects	828	828	0
Fiduciary	15,400	18,499	3,099
Total	\$1,315,754	\$1,443,592	\$127,838

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$356,010	\$267,096	\$88,914
Special Revenue	1,396,814	1,051,207	345,607
Debt Service	0	0	0
Capital Projects	828	828	0
Fiduciary	23,000	9,271	13,729
Total	<u>\$1,776,652</u>	<u>\$1,328,402</u>	<u>\$448,250</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$146,093	\$158,420	\$12,327
Special Revenue	953,403	988,943	35,540
Debt Service	0	0	0
Capital Projects	412,360	335,125	(77,235)
Fiduciary	9,790	11,623	1,833
Total	<u>\$1,521,646</u>	<u>\$1,494,111</u>	<u>(\$27,535)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$245,060	\$123,686	\$121,374
Special Revenue	1,206,099	823,926	382,173
Debt Service	0	0	0
Capital Projects	412,149	335,125	77,024
Fiduciary	14,300	13,521	779
Total	<u>\$1,877,608</u>	<u>\$1,296,258</u>	<u>\$581,350</u>

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.

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX (Continued)

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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Notes	34,285	5%
Total	\$34,285	

The general obligation notes were issued to finance the construction of a police department building. The notes are collateralized solely by the Township's taxing authority.

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

Year ending December 31:	General Obligation Notes
2000	\$18,823
2001	17,982
Total	\$36,805

6. RETIREMENT SYSTEMS

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer pension 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. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries (18.85% for Police). The Township has paid all contributions required through December 31, 1999.

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. CONTINGENT LIABILITIES

The Township is currently the defendant in one lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402

Telephone 937-285-6677
800-443-9274

Facsimile 937-285-6688
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

German Township
Montgomery County
12102 State Route 725 West
Germantown, Ohio 45327-9761

To the Board of Trustees:

We have audited the accompanying financial statements of German Township, Montgomery County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 2, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 2, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 2, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

May 2, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
JUNE 20, 2000**