



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**GERMAN TOWNSHIP  
CLARK COUNTY**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

German Township  
Clark County  
3940 Lawrenceville Dr.  
Springfield, Ohio 45504

To the Board of Trustees:

We have audited the accompanying financial statements of German Township (the Township) as of and for the years ended December 31, 2001 and 2000. 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 *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, 2001 and 2000, 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 14, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the 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". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

May 14, 2002

**GERMAN TOWNSHIP  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$36,352	\$811,805		\$848,157
Intergovernmental	154,865	162,703		317,568
Charges for Services		23,612		23,612
Licenses, Permits, and Fees	5,526	6,350		11,876
Fines, Forfeitures, and Penalties		26,328		26,328
Earnings on Investments	35,158	5,261	\$91	40,510
Other Revenue	11,215	21,513		32,728
	<u>243,116</u>	<u>1,057,572</u>	<u>91</u>	<u>1,300,779</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	101,850	14,477		116,327
Public Safety	23,690	529,413		553,103
Public Works		304,424		304,424
Health	15,280	95,905		111,185
Debt Service:				
Redemption of Principal	53,188			53,188
Interest and Fiscal Charges	9,811			9,811
Capital Outlay		24,967		24,967
	<u>203,819</u>	<u>969,186</u>		<u>1,173,005</u>
<b>Total Cash Disbursements</b>				
<b>Total Receipts Over/(Under) Disbursements</b>	<u>39,297</u>	<u>88,386</u>	<u>91</u>	<u>127,774</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In		3,500		3,500
Advances-In	14,000	4,000		18,000
Transfers-Out		(3,500)		(3,500)
Advances-Out	(4,000)	(14,000)		(18,000)
	<u>10,000</u>	<u>(10,000)</u>		
<b>Total Other Financing Receipts/(Disbursements)</b>				
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	49,297	78,386	91	127,774
<b>Fund Cash Balances, January 1</b>	<u>185,497</u>	<u>691,540</u>	<u>2,510</u>	<u>879,547</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$234,794</u></u>	<u><u>\$769,926</u></u>	<u><u>\$2,601</u></u>	<u><u>\$1,007,321</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$0</u></u>	<u><u>\$1,560</u></u>	<u><u>\$0</u></u>	<u><u>\$1,560</u></u>

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

**GERMAN TOWNSHIP  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$32,261	\$786,375		\$818,636
Intergovernmental	151,949	171,479		323,428
Charges for Services		23,496		23,496
Licenses, Permits, and Fees	6,618	4,650		11,268
Fines, Forfeitures, and Penalties		25,089		25,089
Earnings on Investments	46,169	9,130	\$132	55,431
Other Revenue	4,043	57,030		61,073
	<u>241,040</u>	<u>1,077,249</u>	<u>132</u>	<u>1,318,421</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	96,755	57,510		154,265
Public Safety	22,458	469,546		492,004
Public Works		281,439		281,439
Health	14,669	92,466		107,135
Debt Service:				
Redemption of Principal	47,500			47,500
Interest and Fiscal Charges	14,250			14,250
Capital Outlay		135,278		135,278
	<u>195,632</u>	<u>1,036,239</u>		<u>1,231,871</u>
<b>Total Cash Disbursements</b>				
<b>Total Receipts Over/(Under) Disbursements</b>	<u>45,408</u>	<u>41,010</u>	<u>132</u>	<u>86,550</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In		33,577		33,577
Advances-In	5,000	9,755		14,755
Transfers-Out	(21,077)	(12,500)		(33,577)
Advances-Out	(9,755)	(5,000)		(14,755)
	<u>(25,832)</u>	<u>25,832</u>		
<b>Total Other Financing Receipts/(Disbursements)</b>				
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>19,576</u>	<u>66,842</u>	<u>132</u>	<u>86,550</u>
<b>Fund Cash Balances, January 1</b>	<u>165,921</u>	<u>624,698</u>	<u>2,378</u>	<u>792,997</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$185,497</u></u>	<u><u>\$691,540</u></u>	<u><u>\$2,510</u></u>	<u><u>\$879,547</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$0</u></u>	<u><u>\$20,637</u></u>	<u><u>\$0</u></u>	<u><u>\$20,637</u></u>

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



**GERMAN TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

German Township, Clark 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, fire protection, police 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 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**

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.

Money market mutual funds (including STAR Ohio) are recorded at share values 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**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.

**GERMAN TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**Motor Vehicle License Tax and Permissive Motor Vehicle License Funds** – These funds receive distribution of motor vehicle license tax from the county auditor to maintain and repair roads and road equipment.

**Fire District Fund** – This fund receives money property tax money for expenses related to the township fire department.

**Police Fund** - This fund receives money property tax money for expenses related to the township police department.

**3. 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** – This nonexpendable trust fund receives interest earned on donated amounts. Investment earnings are used for grave upkeep as specified by the donor.

**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. The Township did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 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.

**GERMAN TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(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. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**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:

	2001	2000
Demand deposits	(\$71,795)	(\$174,345)
STAR Ohio	795,596	813,641
Repurchase agreement	283,520	240,251
Total investments	1,079,116	1,053,892
Total deposits and investments	\$1,007,321	\$879,547

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** The Repurchase agreement represents uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Township's name.

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, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$268,936	\$243,116	(\$25,820)
Special Revenue	1,047,529	1,061,072	13,543
Fiduciary	100	91	(9)
Total	\$1,316,565	\$1,304,279	(\$12,286)

**GERMAN TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$326,685	\$203,819	\$122,866
Special Revenue	1,721,256	974,246	747,010
Fiduciary	4,602	0	4,602
Total	\$2,052,543	\$1,178,065	\$874,478

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$228,902	\$241,040	\$12,138
Special Revenue	1,094,139	1,110,826	16,687
Fiduciary	123	132	9
Total	\$1,323,164	\$1,351,998	\$28,834

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$306,274	\$216,709	\$89,565
Special Revenue	1,601,861	1,069,376	532,485
Fiduciary	4,420	0	4,420
Total	\$1,912,555	\$1,286,085	\$626,470

**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.

**GERMAN TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$149,706	4.75%

The general obligation bonds were issued to pay legal fees based on a court ordered judgment. The bonds are collateralized solely by the Township's taxing authority.

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

	General Obligation Bonds
Year ending December 31:	
2002	35,128
2003	34,976
2004	34,887
2005	34,910
2006	32,080
Total	\$171,981

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

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

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

German Township  
Clark County  
3940 Lawrenceville Dr.  
Springfield, Ohio 45504

To the Board of Trustees:

We have audited the accompanying financial statements of German Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 14, 2002. 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 *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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-40312-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 14, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 14, 2002.

German Township  
Clark County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of 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". The signature is stylized with a large, sweeping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

May 14, 2002



GERMAN TOWNSHIP  
CLARK COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-40312-001

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)**, provides that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exception to this basic requirement is provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Township failed to properly certify expenditures totaling \$5,052.72, or 20% of the transactions tested, during 2000 and 2001. Additionally, uncertified items were found after each year end. Proper certification of funds would provide a more accurate accounting for available appropriations and unencumbered funds which would aid in accurate and timely financial decision making.

We also reported this matter in our audit of the 1998-1999 Financial Statements in a separate letter to management.

**GERMAN TOWNSHIP  
CLARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-40312-001	ORC Section 5705.39 Appropriations exceeded estimated resources	Yes	



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**GERMAN TOWNSHIP**

**CLARK 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 18, 2002**