

GERMAN TOWNSHIP

AUGLAIZE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2006



Mary Taylor, CPA
Auditor of State

Board of Trustees
German Township
123 N. Main Street
New Bremen Ohio 45869

We have reviewed the *Independent Accountants' Report* of German Township, Auglaize County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2006 through December 31, 2007. 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.

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 15, 2008

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GERMAN TOWNSHIP
Auglaize County

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Auglaize County

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

INDEPENDENT ACCOUNTANTS' REPORT

German Township
Auglaize County
123 North Main Street
New Bremen, Ohio 45869

To the Board of Trustees:

We have audited the accompanying financial statements of German Township, Auglaize County, (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basis financial statements as listed in the table of contents. 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 audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the government activities, each major fund, and the aggregate remaining fund information of German Township, Auglaize County, Ohio, as of December 31, 2007 and 2006 and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Fire District, and Fire & Rescue EMS funds for 2007 and the General, Gasoline Tax, and Road and Bridge funds for 2006 thereof for the years then end in conformity with the basis of accounting Note 2 describes.

For the years then ended December 31, 2007 and 2006, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 1, 2008, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and [resenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Manning & Associates CPAs, LLC
Dayton, Ohio

April 1, 2008

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German Township, Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 & 2006
Unaudited

This discussion and analysis of German Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$220,439, or 37 percent, a significant change from the prior year. The funds most affected by the changes in cash and cash equivalents were the General Fund and Gasoline Fund, which realized the greatest increase in 2007.

The Township's general receipts are primarily property taxes. These receipts represent \$307,450 or 70 percent of the total cash received for governmental activities during 2007. Property tax receipts for 2007 increased slightly compared to 2006 as development within the Township has slowed because of economic conditions. Estate Taxes had a significant increase over 2006.

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$58,279, or 11 percent, a slight change from the prior year. The funds most affected by the increase in cash and cash equivalents were the Gasoline Fund.

The Township's general receipts are primarily property taxes. These receipts represent \$164,386 or 54 percent of the total cash received for governmental activities during 2006.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

German Township, Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 & 2006
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2007, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we divide the Township into one type of activity:

Governmental Activities – Most of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

German Township, Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 & 2006
Unaudited

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all governmental.

Governmental Funds – Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental fund are the General Fund, Gasoline, Road & Bridge, Fire District, and Fire & Rescue – EMS funds for 2007 and the General Fund, Gasoline, and Road & Bridge funds for 2006. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a modified cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2007	2006
Assets		
Equity in Pooled Cash and Cash Equivalents	\$763,374	\$542,935
Investments	40,000	40,000
Total Assets	\$803,374	\$582,935
Net Assets		
Restricted for:		
Other Purposes	581,191	500,922
Unrestricted	222,183	82,013
Total Net Assets	\$803,374	\$582,935

As mentioned previously, Net assets of governmental activities increased \$220,439, or 37 percent, a significant change from the prior year which was an 11 percent increase. The funds most affected by the changes in cash and cash equivalents were the General and Gasoline Funds, which realized the greatest increase in 2007.

German Township, Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 & 2006
Unaudited

The Government as a Whole, continued

Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2007 for governmental activities. This is the first time the Township has presented their financial statements in the GASB 34 format. In future years, a comparison to the prior year will be shown.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2007	2006
Program Receipts:		
Charges for Services	12,010	1,200
Operating Grants and Contributions	116,805	108,244
Capital Grants and Contributions	0	25,900
Total Program Receipts	<u>128,815</u>	<u>135,344</u>
General Receipts:		
Property and Other Local Taxes	118,389	109,376
Grants and Entitlements Not Restricted to Specific Programs	161,678	33,375
Interest	26,322	20,348
Miscellaneous	1,061	1,287
Total General Receipts	<u>307,450</u>	<u>164,386</u>
Total Receipts	<u>436,265</u>	<u>299,730</u>
Disbursements:		
General Government	62,768	63,786
Public Safety	60,212	40,969
Public works	60,049	89,408
Health	1,968	2,767
Capital Outlay	30,829	44,521
Total Disbursements	<u>215,826</u>	<u>241,451</u>
 Increase (Decrease) in Net Assets	 220,439	 58,279
 Net Assets, January 1	 <u>582,935</u>	 <u>524,656</u>
Net Assets, December 31	<u><u>\$803,374</u></u>	<u><u>\$582,935</u></u>

Program receipts represent only 29 percent and 45 percent of total receipts for 2007 and 2006, respectively and are primarily comprised of restricted intergovernmental receipts such as charges for emergency rescue services; township levied permissive motor vehicle license tax.

General receipts represent 71 percent and 55 percent of the Township's total receipts for 2007 and 2006, respectively and of this amount, over 38 percent and 66 percent, are local taxes. State and federal grants and entitlements, interest and miscellaneous income make up the balance of the Township's general receipts of 62 percent and 34 percent, respectively for 2007 and 2006. Other receipts are very insignificant and somewhat unpredictable revenue sources.

German Township, Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 & 2006
Unaudited

The Government as a Whole, continued

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustee, Fiscal Officer, and other general services as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Public safety are the costs of police and fire protection; Public Health Services is the health department; Public Works are the costs associated with maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, on page 12 and 21 you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. General government also represents a significant cost, about 8 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$62,768	\$50,497	\$63,786	\$25,082
Public safety	60,212	49,354	40,969	40,969
Public Works	60,049	(45,637)	89,408	(7,232)
Health	1,968	1,968	2,767	2,767
Capital Outlay	30,829	30,829	44,521	44,521
Total Expenses	\$215,826	\$87,011	\$241,451	\$106,107

The dependence upon property tax receipts is apparent in 2007 and 2006 as over 38 percent and 66 percent for 2007 and 2006, respectively are governmental activities which are supported through these general receipts.

German Township, Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 & 2006
Unaudited

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund, Gasoline, Road & Bridge funds for 2006 and the General Fund, Gasoline, Road & Bridge, Fire District, and Fire & Rescue – EMS funds for 2007.

For 2007 and 2006, final budgeted receipts were the same as the original budgeted receipts. Actual receipts of \$436,265 were over the budgeted amount of \$287,883 for 2007 and for 2006 actual receipts of \$299,730 were over the budgeted amount of \$269,100 due to the receipts of unexpected estate tax, increase in interest rates and soft bill for emergency rescue services for both years.

Disbursements for 2007 were appropriated at \$870,818 while actual disbursements were \$215,826, while disbursements for 2006 were appropriated at \$793,755 while actual disbursements were \$241,451. The Township appropriates all available revenues but spends conservatively. The Township keeps a close monitoring on all disbursements to prevent having to request additional funds from taxpayers.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Karen Balster, Fiscal Officer, German Township, Auglaize County, 123 N. Main Street, New Bremen, Ohio 45869.

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German Township
Auglaize County
Statement of Net Assets - Modified Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	763,374
Investments	<u>40,000</u>
<i>Total Assets</i>	<u><u>\$803,374</u></u>
Net Assets	
Restricted for:	
Other Purposes	581,191
Unrestricted	<u>222,183</u>
<i>Total Net Assets</i>	<u><u>\$803,374</u></u>

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2007

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$62,768	\$1,152	\$11,119	(\$50,497)
Public Safety	60,212	10,858	0	(49,354)
Public Works	60,049	0	105,686	45,637
Health	1,968	0	0	(1,968)
Capital Outlay	30,829	0	0	(30,829)
<i>Total Governmental Activities</i>	<u>215,826</u>	<u>12,010</u>	<u>116,805</u>	<u>(87,011)</u>
General Receipts				
Property Taxes				118,389
Grants and Entitlements not Restricted to Specific Programs				161,678
Earnings on Investments				26,322
Miscellaneous				1,061
<i>Total General Receipts</i>				<u>307,450</u>
Change in Net Assets				220,439
<i>Net Assets Beginning of Year</i>				<u>582,935</u>
<i>Net Assets End of Year</i>				<u><u>\$803,374</u></u>

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Gasoline Tax	Road and Bridge	Fire District	Fire and Rescue EMS	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$222,183	\$300,535	\$202,973	\$4,474	\$7,046	\$26,163	\$763,374
Investments	0	40,000	0	0	0	0	40,000
<i>Total Assets</i>	<u>\$222,183</u>	<u>\$340,535</u>	<u>\$202,973</u>	<u>\$4,474</u>	<u>\$7,046</u>	<u>\$26,163</u>	<u>\$803,374</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	222,183	0	0	0	0	0	222,183
Special Revenue Funds	0	340,535	202,973	4,474	7,046	26,163	581,191
<i>Total Fund Balances</i>	<u>\$222,183</u>	<u>\$340,535</u>	<u>\$202,973</u>	<u>\$4,474</u>	<u>\$7,046</u>	<u>\$26,163</u>	<u>\$803,374</u>

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Road and Bridge	Fire District	Fire & RSC Ambulance EMS Service	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$41,444	\$0	\$39,990	\$14,160	\$22,795	\$0	\$118,389
Charges for Services	0	0	0	0	10,858	0	\$10,858
Intergovernmental	164,961	96,334	4,915	1,704	2,347	8,222	\$278,483
Special Assessments	0	0	0	0	0	1,152	\$1,152
Earnings on Investments	16,176	9,565	0	0	0	581	\$26,322
Miscellaneous	561	500	0	0	0	0	1,061
<i>Total Receipts</i>	<u>223,142</u>	<u>106,399</u>	<u>44,905</u>	<u>15,864</u>	<u>36,000</u>	<u>9,955</u>	<u>436,265</u>
Disbursements							
Current:							
General Government	62,768	0	0	0	0	0	62,768
Public Safety	17,854	0	0	3,500	38,858	0	60,212
Public Works	0	26,181	28,121	0	0	5,747	60,049
Health	1,968	0	0	0	0	0	1,968
Capital Outlay	382	0	11,369	19,078	0	0	30,829
<i>Total Disbursements</i>	<u>82,972</u>	<u>26,181</u>	<u>39,490</u>	<u>22,578</u>	<u>38,858</u>	<u>5,747</u>	<u>215,826</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>140,170</u>	<u>80,218</u>	<u>5,415</u>	<u>(6,714)</u>	<u>(2,858)</u>	<u>4,208</u>	<u>220,439</u>
<i>Net Change in Fund Balances</i>	140,170	80,218	5,415	(6,714)	(2,858)	4,208	220,439
<i>Fund Balances Beginning of Year</i>	<u>82,013</u>	<u>260,317</u>	<u>197,558</u>	<u>11,188</u>	<u>9,904</u>	<u>21,955</u>	<u>582,935</u>
<i>Fund Balances End of Year</i>	<u>\$222,183</u>	<u>\$340,535</u>	<u>\$202,973</u>	<u>\$4,474</u>	<u>\$7,046</u>	<u>\$26,163</u>	<u>\$803,374</u>

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund - 1000
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$39,187	\$39,187	\$41,444	\$2,257
Intergovernmental	37,706	37,706	164,961	127,255
Earnings on Investments	10,000	10,000	16,176	6,176
Other	812	812	561	(251)
<i>Total receipts</i>	<u>87,705</u>	<u>87,705</u>	<u>223,142</u>	<u>135,437</u>
Disbursements				
Current:				
General Government	111,452	111,452	62,768	48,684
Public Safety	36,066	36,066	17,854	18,212
Health	7,200	7,200	1,968	5,232
Capital Outlay	15,000	15,000	382	14,618
<i>Total Disbursements</i>	<u>169,718</u>	<u>169,718</u>	<u>82,972</u>	<u>86,746</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(82,013)</u>	<u>(82,013)</u>	<u>140,170</u>	<u>222,183</u>
<i>Net Change in Fund Balance</i>	(82,013)	(82,013)	140,170	222,183
<i>Fund Balance Beginning of Year</i>	<u>82,013</u>	<u>82,013</u>	<u>82,013</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$222,183</u></u>	<u><u>\$222,183</u></u>

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax - 2021
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	82,881	82,881	96,334	13,453
Earnings on Investments	3,500	3,500	9,565	6,065
Other	500	500	500	0
<i>Total receipts</i>	<u>86,881</u>	<u>86,881</u>	<u>106,399</u>	<u>19,518</u>
Disbursements				
Current:				
Public Works	341,198	341,198	26,181	315,017
Capital Outlay	6,000	6,000	0	6,000
<i>Total Disbursements</i>	<u>347,198</u>	<u>347,198</u>	<u>26,181</u>	<u>321,017</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(260,317)</u>	<u>(260,317)</u>	<u>80,218</u>	<u>340,535</u>
<i>Net Change in Fund Balance</i>	(260,317)	(260,317)	80,218	340,535
<i>Fund Balance Beginning of Year</i>	<u>260,317</u>	<u>260,317</u>	<u>260,317</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$340,535</u></u>	<u><u>\$340,535</u></u>

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road & Bridge - 2031
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$39,884	\$39,884	\$39,990	\$106
Intergovernmental	6,500	6,500	4,915	(1,585)
<i>Total receipts</i>	46,384	46,384	44,905	(1,479)
Disbursements				
Current:				
Public Works	143,942	143,942	28,121	115,821
Capital Outlay	100,000	100,000	11,369	88,631
<i>Total Disbursements</i>	243,942	243,942	39,490	204,452
<i>Excess of Receipts Over (Under) Disbursements</i>	(197,558)	(197,558)	5,415	202,973
<i>Net Change in Fund Balance</i>	(197,558)	(197,558)	5,415	202,973
<i>Fund Balance Beginning of Year</i>	197,558	197,558	197,558	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$202,973	\$202,973

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District - 2111
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$22,300	\$22,300	\$14,160	(\$8,140)
Intergovernmental	9,193	9,193	1,704	(7,489)
<i>Total receipts</i>	<u>31,493</u>	<u>31,493</u>	<u>15,864</u>	<u>(15,629)</u>
Disbursements				
Current:				
Public Safety	3,500	3,500	3,500	0
Capital Outlay	39,181	39,181	19,078	20,103
<i>Total Disbursements</i>	<u>42,681</u>	<u>42,681</u>	<u>22,578</u>	<u>20,103</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,188)</u>	<u>(11,188)</u>	<u>(6,714)</u>	<u>4,474</u>
<i>Net Change in Fund Balance</i>	(11,188)	(11,188)	(6,714)	4,474
<i>Fund Balance Beginning of Year</i>	<u>11,188</u>	<u>11,188</u>	<u>11,188</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$4,474</u></u>	<u><u>\$4,474</u></u>

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire & Rescue EMS Service - 2281
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$18,016	\$18,016	\$22,795	\$4,779
Charges for Services	5,700	5,700	10,858	5,158
Intergovernmental	1,000	1,000	2,347	1,347
<i>Total receipts</i>	<u>24,716</u>	<u>24,716</u>	<u>36,000</u>	<u>11,284</u>
Disbursements				
Current:				
Public Safety	39,834	39,834	38,858	976
<i>Total Disbursements</i>	<u>39,834</u>	<u>39,834</u>	<u>38,858</u>	<u>976</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,118)</u>	<u>(15,118)</u>	<u>(2,858)</u>	<u>12,260</u>
<i>Net Change in Fund Balance</i>	(15,118)	(15,118)	(2,858)	12,260
<i>Fund Balance Beginning of Year</i>	<u>9,904</u>	<u>9,904</u>	<u>9,904</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>(\$5,214)</u></u>	<u><u>(\$5,214)</u></u>	<u><u>\$7,046</u></u>	<u><u>\$12,260</u></u>

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	542,935
Investments	<u>40,000</u>
<i>Total Assets</i>	<u><u>\$582,935</u></u>
Net Assets	
Restricted for:	
Other Purposes	500,922
Unrestricted	<u>82,013</u>
<i>Total Net Assets</i>	<u><u>\$582,935</u></u>

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$63,786	\$1,200	\$11,604	\$25,900	(\$25,082)
Public Safety	40,969	0	0	0	(\$40,969)
Public Works	89,408	0	96,640	0	\$7,232
Health	2,767	0	0	0	(\$2,767)
Capital Outlay	44,521	0	0	0	(\$44,521)
<i>Total Governmental Activities</i>	241,451	1,200	108,244	25,900	(106,107)
		General Receipts			
		Property Taxes			109,376
		Grants and Entitlements not Restricted to Specific Programs			33,375
		Earnings on Investments			20,348
		Miscellaneous			1,287
		<i>Total General Receipts</i>			164,386
		Change in Net Assets			58,279
		<i>Net Assets Beginning of Year</i>			524,656
		<i>Net Assets End of Year</i>			\$582,935

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	82,013	220,317	197,558	43,047	542,935
Investments	0	40,000	0	0	40,000
<i>Total Assets</i>	<u>\$82,013</u>	<u>\$260,317</u>	<u>\$197,558</u>	<u>\$43,047</u>	<u>\$582,935</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	82,013	0	0	0	82,013
Special Revenue Funds	0	260,317	197,558	43,047	500,922
<i>Total Fund Balances</i>	<u>\$82,013</u>	<u>\$260,317</u>	<u>\$197,558</u>	<u>\$43,047</u>	<u>\$582,935</u>

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$37,750	\$0	\$37,008	\$34,618	\$109,376
Intergovernmental	36,923	85,569	6,165	38,862	167,519
Special Assessments	0	0	0	1,200	1,200
Earnings on Investments	14,006	5,864	0	478	20,348
Miscellaneous	787	500	0	0	1,287
<i>Total Receipts</i>	<u>89,466</u>	<u>91,933</u>	<u>43,173</u>	<u>75,158</u>	<u>299,730</u>
Disbursements					
Current:					
General Government	63,786	0	0	0	63,786
Public Safety	23,469	0	0	17,500	40,969
Public Works	0	15,233	66,015	8,160	89,408
Health	2,767	0	0	0	2,767
Capital Outlay	261	0	0	44,260	44,521
<i>Total Disbursements</i>	<u>90,283</u>	<u>15,233</u>	<u>66,015</u>	<u>69,920</u>	<u>241,451</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(817)</u>	<u>76,700</u>	<u>(22,842)</u>	<u>5,238</u>	<u>58,279</u>
<i>Net Change in Fund Balances</i>	(817)	76,700	(22,842)	5,238	58,279
<i>Fund Balances Beginning of Year</i>	<u>82,830</u>	<u>183,617</u>	<u>220,400</u>	<u>37,809</u>	<u>524,656</u>
<i>Fund Balances End of Year</i>	<u><u>\$82,013</u></u>	<u><u>\$260,317</u></u>	<u><u>\$197,558</u></u>	<u><u>\$43,047</u></u>	<u><u>\$582,935</u></u>

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund - 1000
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$40,251	\$40,251	\$37,750	(\$2,501)
Intergovernmental	26,625	26,625	36,923	10,298
Earnings on Investments	2,990	2,990	14,006	11,016
Miscellaneous	500	500	787	287
<i>Total receipts</i>	<u>70,366</u>	<u>70,366</u>	<u>89,466</u>	<u>19,100</u>
Disbursements				
Current:				
General Government	100,526	100,526	63,786	36,740
Public Safety	25,520	25,520	23,469	2,051
Health	6,150	6,150	2,767	3,383
Capital Outlay	21,000	21,000	261	20,739
<i>Total Disbursements</i>	<u>153,196</u>	<u>153,196</u>	<u>90,283</u>	<u>62,913</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(82,830)</u>	<u>(82,830)</u>	<u>(817)</u>	<u>82,013</u>
 <i>Net Change in Fund Balance</i>	 (82,830)	 (82,830)	 (817)	 82,013
 <i>Fund Balance Beginning of Year</i>	 <u>82,830</u>	 <u>82,830</u>	 <u>82,830</u>	 <u>0</u>
 <i>Fund Balance End of Year</i>	 <u>\$0</u>	 <u>\$0</u>	 <u>\$82,013</u>	 <u>\$82,013</u>

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax - 2021
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	68,283	68,283	85,569	17,286
Earnings on Investments	3,500	3,500	5,864	2,364
Miscellaneous	550	550	500	(50)
<i>Total receipts</i>	<u>72,333</u>	<u>72,333</u>	<u>91,933</u>	<u>19,600</u>
Disbursements				
Current:				
Public Works	251,950	251,950	15,233	236,717
Capital Outlay	4,000	4,000	0	4,000
<i>Total Disbursements</i>	<u>255,950</u>	<u>255,950</u>	<u>15,233</u>	<u>240,717</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(183,617)</u>	<u>(183,617)</u>	<u>76,700</u>	<u>260,317</u>
<i>Net Change in Fund Balance</i>	(183,617)	(183,617)	76,700	260,317
<i>Fund Balance Beginning of Year</i>	<u>183,617</u>	<u>183,617</u>	<u>183,617</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$260,317</u>	<u>\$260,317</u>

See accompanying notes to the basic financial statements

German Township
Auglaize County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road & Bridge - 2031
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$38,483	\$38,483	\$37,008	(\$1,475)
Intergovernmental	6,550	6,550	6,165	(385)
<i>Total receipts</i>	45,033	45,033	43,173	(1,860)
Disbursements				
Current:				
Public Works	265,433	265,433	66,015	199,418
<i>Total Disbursements</i>	265,433	265,433	66,015	199,418
<i>Excess of Receipts Over (Under) Disbursements</i>	(220,400)	(220,400)	(22,842)	197,558
<i>Net Change in Fund Balance</i>	(220,400)	(220,400)	(22,842)	197,558
<i>Fund Balance Beginning of Year</i>	220,400	220,400	220,400	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$197,558	\$197,558

See accompanying notes to the basic financial statements

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German Township, Auglaize County
Notes to the Financial Statements
For the Years Ended December 31, 2007 & 2006

Note 1 – Reporting Entity

German Township, Auglaize County, Ohio (the Township), is a body politic and corporate established in 1853 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the New Bremen Fire Department for fire protection. Police protection is provided by the New Bremen Police Department.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

German Township, Auglaize County
Notes to the Financial Statements
For the Years Ended December 31, 2007 & 2006

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements (continued)

The statement of net assets presents the cash balances, of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are:

General Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Gasoline Tax fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

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

German Township, Auglaize County
Notes to the Financial Statements
For the Years Ended December 31, 2007 & 2006

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Governmental Funds (continued)

Fire Fund – is used to account for all receipts of property taxes and other revenues enabling the Township to acquire fire protection services.

Fire and Rescue – EMS Fund – is used to account for all receipts of property taxes and other revenues enabling the Township to provide public emergency care.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

German Township, Auglaize County
Notes to the Financial Statements
For the Years Ended December 31, 2007 & 2006

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested in STAR OHIO. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts, respectively. During 2007 and 2006, the Township invested in STAR Ohio and certificates of deposit.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund were \$14,006 and \$16,176 during 2006 and 2007, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township has no restricted assets.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

German Township, Auglaize County
Notes to the Financial Statements
For the Years Ended December 31, 2007 & 2006

Note 2 – Summary of Significant Accounting Policies (continued)

H. Capital Assets

Capital Assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

I. Accumulated Leave

In certain circumstances, such as leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's modified cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road and bridge maintenance, cemetery maintenance, fire protection and emergency rescue services.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

For the year ended December 31, 2005 the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. Effective January 1, 2006 the Township implemented the modified cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

German Township, Auglaize County
Notes to the Financial Statements
For the Years Ended December 31, 2007 & 2006

Note 4 – Accountability and Compliance

A. Compliance

The Township did not comply with Ohio Revised Code Section 5705.36(A) (4) regarding requesting reduced certificate of estimated resources.

The Township did not comply with Ohio Revised Code Section 5705.39; appropriations exceeded estimated resources in 2007 in the Fire & Rescue – EMS fund.

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, gasoline, road & bridge, fire district, and fire rescue – EMS service fund for 2007 and the general fund, gasoline, and road & bridge funds for 2006, are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (*modified* cash basis). The Township has no outstanding encumbrances at year end.

Note 6 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

German Township, Auglaize County
Notes to the Financial Statements
For the Years Ended December 31, 2007 & 2006

Note 6 – Deposits and Investments (continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, the carrying amounts of the Township's deposits were \$634,628 and the bank balance was \$646,153. At December 31, 2006, the carrying amounts of the Township's deposits were \$420,511 and the bank balance was \$428,022. Of the bank balance, \$100,000 was covered by federal depository insurance corporation and \$546,153 and \$328,022 for 2007 and 2006, respectively, was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

German Township, Auglaize County
Notes to the Financial Statements
For the Years Ended December 31, 2007 & 2006

Note 6 – Deposits and Investments (continued)

Investments

As of December 31, 2006 and 2007, the Township had the following investments

	Carrying Value 2007	Carrying Value 2006
Certificates of Deposit	\$ 40,000	\$ 40,000
STAR Ohio	128,746	122,424
Total Portfolio	\$ 168,746	\$ 162,424

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township’s investment policy addresses interest rate risk by requiring that the Township’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAA by Standard and Poor’s. The Township’s investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the Township’s name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M) (2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 and 2006, represent the collection of 2006 and 2005 taxes, respectively. Real property taxes received in 2007 and 2006 were levied after October 1, 2006 and 2005, on the assessed values as of January 1, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31 each year; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

German Township, Auglaize County
Notes to the Financial Statements
For the Years Ended December 31, 2007 & 2006

Note 7 – Property Taxes (continued)

Public utility property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 and 2006 (other than public utility property) represent the collection of 2006 and 2005 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2007 and 2006, were \$6.90 and \$6.90 per \$1,000 of assessed value, respectively. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

	<u>2007</u>	<u>2006</u>
Real Property		
Residential	\$11,599,100	\$11,473,630
Agricultural	3,735,400	3,730,830
Commercial/Industrial/Mineral	1,278,040	1,278,040
Public Utility – Real Estate	4,800	4,590
Public Utility – Personal Property	1,370,870	1,369,780
Personal Property	399,542	721,138
Total Assessed Value	\$18,387,752	\$18,578,008

Note 8 – Leases

The Township entered into a lease agreement with Daimler Chrysler Truck Financial for the lease of a Sterling dump truck in 2007. Payments are due annually through March 26, 2011.

Future lease payments for the above leases are as follows:

<u>Year Ending</u> <u>December 31:</u>	<u>Amount</u>
2008	\$20,141
2009	20,141
2010	20,141
2011	20,141
Total	\$80,564

German Township, Auglaize County
Notes to the Financial Statements
For the Years Ended December 31, 2007 & 2006

Note 9 – 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 2006 and 2007, the Township contracted with several companies for various types of insurance coverage as follows:

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 or \$3,000,000 as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

German Township, Auglaize County
Notes to the Financial Statements
For the Years Ended December 31, 2007 & 2006

Note 9 – Risk Management (continued)

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, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$ 9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively.

Based on discussions with OTARMA the expected rates charged by OTARMA to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2007	\$4,932
2006	5,366
2005	5,350

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal. Withdrawing members have no further obligation to the pool.

German Township, Auglaize County
Notes to the Financial Statements
For the Years Ended December 31, 2007 & 2006

Note 10 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. In 2006 it was 9.0 percent. The Township's contribution rate for pension benefits for 2007 was 13.85 percent and 13.70 percent in 2006. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$6,445.68, \$6,269.68, and \$5,178.63 respectively. The full amount has been contributed for 2007, 2006 and 2005.

Note 11– Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12.

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 and 2006 local government employer contribution rate was 13.85 and 13.70 percent, respectively of covered payroll; 5.0 percent (January 1 through June 30) and 6.0 percent (July 1 through December 31) for 2007 and 4.5 percent for 2006, of covered payroll was the portion that was used to fund health care in 2007 and 2006, respectively.

German Township, Auglaize County
Notes to the Financial Statements
For the Years Ended December 31, 2007 & 2006

Note 11– Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 to 5 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

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

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

German Township
Auglaize County
123 North Main Street
New Bremen, Ohio 45869

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of German Township, Auglaize County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 1, 2008, wherein we noted the Township implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting, (continued)

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2007-001 through 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above is a material weakness.

We noted certain matters that we reported to the Township's management in a separate letter dated April 1, 2008

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 2007-001 through 2007-003.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated April 1, 2008.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

April 1, 2008

**GERMAN TOWNSHIP
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

Ohio Rev. Code Section 5705.36 (A)(3) allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Township did not obtain an amended certificate of estimated resources for the following fund that had actual revenues less than estimated revenues.

Estimated resources exceeded actual receipts in the following funds:

	Estimated Revenue	Revenue Received	Variance
2007			
Motor Vehicle License Tax	\$6,159	\$5,097	(\$1,062)
Road and Bridge	\$46,384	\$44,905	(\$1,479)
Fire Levy	\$31,493	\$15,864	(\$15,629)
2006			
Motor Vehicle License Tax	\$5,979	\$5,017	(\$962)
Road and Bridge	\$45,033	\$43,174	(\$1,859)
Fire Levy	\$20,906	\$15,428	(\$5,478)

Failure to amend the certificate of estimated resources when actual revenue is less than expected (estimated) revenue could result in the Township incurring expenditures in excess of actual available resources.

Response: Fiscal Officer will monitor budgetary compliance more closely in the future, and utilize the UAN system for budgetary reporting.

**GERMAN TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-002

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue available for expenditure there from, as certified by the budget commission. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The following fund had appropriations in excess of the amounts certified as available by the Amended Certificate of Estimated Resources:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
December 31, 2007:			
Fire & Rescue - EMS	\$34,620	\$39,834	(\$5,214)

The Township's Fiscal Officer unofficially amended the budget in the system at the end of 2007. This was done without Trustee approval, no mention of the amendment in the minutes, and without filing the amendment with the County Auditor.

To comply with this section and improve budgetary controls the Township should properly approve their appropriation measures and file with the county budget commission for certification that the amounts appropriated do not exceed the available resources. In addition, the Certificate of Estimated Resources should be amended on a timely basis to reflect changes in actual or expected revenue and the corresponding appropriations should be amended accordingly.

Response: Fiscal Officer will monitor budgetary compliance more closely in the future, and will review the proper procedures for amending the budget.

FINDING NUMBER 2007-003

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

**GERMAN TOWNSHIP
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-003, continued

1. **“Then and Now” certificate** – If the Fiscal Officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that 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 Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance 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 or expenditures by the Township.

2. **Blanket certificate** – Fiscal officers may prepare “blanket” certificates not exceeding \$5,000 (an amount established by resolution or ordinance adopted by the legislative authority, effective September 26, 2003) against any specific line item account over a period exceeding three months (three month limitation was eliminated effective September 26, 2003) or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super blanket certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

Unless the exception noted above is used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Township’s Fiscal Officer certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, “then and now” certification should be used.

The Township is not properly using its purchase orders. Instead of issuing blanket or super blanket purchase orders, the Township is reusing regular purchase orders for vendors throughout the year. This was observed happening for both routine expenses, such as utilities and contracts, as well as for expenses which should have been authorized with a separate purchase order for each expense.

**GERMAN TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>

FINDING NUMBER 2007-003, continued

We recommend the Township certify purchases to which section 5705.41 (D) applies. The Township should issue blanket or super blanket purchase orders at the beginning of each year for those recurring expenses which meet the qualifications listed above. The fiscal officer should further require that any other expenses incurred on behalf of the Township be first authorized by a purchase order created for that specific expense. Failure to authorize each expense incurred by the Township could lead to overspending or the improper use of Township resources.

Response: Fiscal Officer will review the proper use of purchase orders.



Mary Taylor, CPA
Auditor of State

GERMAN TOWNSHIP

AUGLAIZE 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
AUGUST 28, 2008**