

GERMAN TOWNSHIP

DAYTON REGION, MONTGOMERY COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009 - 2008



Mary Taylor, CPA

Auditor of State

Board of Trustees
German Township
11179 State Route 725 West
Germantown, Ohio 45327

We have reviewed the *Independent Auditors' Report* of German Township, Montgomery County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 9, 2010

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**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

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

INDEPENDENT AUDITORS' REPORT

German Township, Montgomery County
11179 State Route 725 West
Germantown, Ohio 45327

To the Board of Trustees:

We have audited the accompanying financial statements of German Township, Montgomery County, (the Township), as of and for the years ended December 31, 2009 and 2008. 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of German Township, Montgomery County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2010, on our consideration of the Township's internal control over financial reporting and on 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 the testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 7, 2010

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**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts:				
Property and Other Local Taxes	\$ 31,465	\$ 1,271,100	\$ 0	\$ 1,302,565
Changes for Services	0	199,224	0	199,224
Licenses, Permits and Fees	12,619	0	0	12,619
Fines and Forfeitures	3,520	100	0	3,620
Intergovernmental Receipts	102,299	327,097	0	429,396
Earnings on Investments	3,131	296	18	3,445
Miscellaneous	13,979	3,501	0	17,480
Total Cash Receipts	<u>167,013</u>	<u>1,801,318</u>	<u>18</u>	<u>1,968,349</u>
Cash Disbursements:				
Current:				
General Government	188,583	134,194	0	322,777
Public Safety	0	935,678	0	935,678
Public Works	1,091	549,101	0	550,192
Health	0	63,138	0	63,138
Conservation/Recreation	0	150,175	0	150,175
Capital Outlay	30,696	121,637	0	152,333
Debt Service:				
Redemption of Principal	12,999	0	0	12,999
Interest and Other Fiscal Charges	415	0	0	415
Total Cash Disbursements	<u>233,784</u>	<u>1,953,923</u>	<u>0</u>	<u>2,187,707</u>
Total Receipts Over/(Under) Disbursements	<u>(66,771)</u>	<u>(152,605)</u>	<u>18</u>	<u>(219,358)</u>
Other Financing Receipts/Disbursements				
Transfers In	0	13,414	0	13,414
Transfers Out	(1,489)	(11,925)	0	(13,414)
Advances In	5,000	5,000	0	10,000
Advances Out	(5,000)	(5,000)	0	(10,000)
Total Other Financing Receipts/(Disbursements)	<u>(1,489)</u>	<u>1,489</u>	<u>0</u>	<u>0</u>
Excess of Cash and Other Financing Receipts Over/(Under) Cash and Other Financing Disbursements	<u>(68,260)</u>	<u>(151,116)</u>	<u>18</u>	<u>(219,358)</u>
Fund Cash Balances, January 1	<u>179,072</u>	<u>\$ 1,205,506</u>	<u>\$ 5,877</u>	<u>\$ 1,390,455</u>
Fund Cash Balances, December 31	<u>\$ 110,812</u>	<u>\$ 1,054,390</u>	<u>\$ 5,895</u>	<u>\$ 1,171,097</u>

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

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCE - FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Private Purpose Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$ 124
Operating Cash Disbursements:	
Other Disbursements	<u>1,027</u>
Operating Income	(903)
Fund Cash Balances, January 1	<u>41,045</u>
Fund Cash Balances, December 31	<u><u>\$ 40,142</u></u>

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

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts:				
Property and Other Local Taxes	\$ 30,847	\$ 1,248,000	\$ 0	\$ 1,278,847
Changes for Services	0	207,495	0	207,495
Licenses, Permits and Fees	13,846	0	0	13,846
Fines and Forfeitures	2,819	0	0	2,819
Intergovernmental Receipts	157,198	319,941	0	477,139
Earnings on Investments	24,439	1,419	149	26,007
Miscellaneous	1,124	66,782	0	67,906
Total Cash Receipts	230,273	1,843,637	149	2,074,059
Cash Disbursements:				
Current:				
General Government	179,602	96,414	0	276,016
Public Safety	0	871,064	0	871,064
Public Works	1,091	491,366	0	492,457
Health	0	62,785	0	62,785
Conservation/Recreation	0	103,118	0	103,118
Other	0	3,645	0	3,645
Capital Outlay	3,870	201,636	0	205,506
Debt Service:				
Redemption of Principal	12,540	0	0	12,540
Interest and Other Fiscal Charges	874	0	0	874
Total Cash Disbursements	197,977	1,830,028	0	2,028,005
Total Receipts Over/(Under) Disbursements	32,296	13,609	149	46,054
Other Financing Receipts/Disbursements				
Transfers In	0	14,000	0	14,000
Transfers Out	(14,000)	0	0	(14,000)
Total Other Financing Receipts/(Disbursements)	(14,000)	14,000	0	0
Excess of Cash and Other Financing Receipts Over/(Under) Cash and Other Financing Disbursements	18,296	27,609	149	46,054
Fund Cash Balances, January 1	160,776	1,177,897	5,728	1,344,401
Fund Cash Balances, December 31	\$ 179,072	\$ 1,205,506	\$ 5,877	\$ 1,390,455

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

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCE - FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Private Purpose Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$ 1,042
Operating Cash Disbursements:	
Other Disbursements	<u>761</u>
Operating Income	281
Fund Cash Balances, January 1	<u>40,764</u>
Fund Cash Balances, December 31	<u><u>\$ 41,045</u></u>

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

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Fund Accounting

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

General Fund:

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

Special Revenue Funds:

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes.

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Fund Accounting (Continued)

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 money for constructing, maintaining and repairing Township roads.

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

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

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

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

Permanent Funds:

Trust funds are used to account for resources restricted by legally binding Trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a permanent trust fund. The Township had the following significant permanent fund:

Sunbury Cemetery Bequest – This fund is used to account for resources restricted by legally binding trust agreements. This trust fund is maintained in perpetuity, and investment earnings are used for the upkeep of the cemetery.

Fiduciary Funds:

These funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Township's fiduciary fund is a Private Purpose trust fund.

D. Budgetary Process

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

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Budgetary Process, continued

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

Estimated Resources

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

Encumbrances

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2009</u>	<u>2008</u>
Demand Deposits	\$ 210,010	\$ 187,663
Star Ohio	<u>1,001,229</u>	<u>1,243,837</u>
Total Deposits and Investments	<u>\$1,211,239</u>	<u>\$ 1,431,500</u>

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

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

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2009 was as follows:

Fund Type	2009 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 178,097	\$ 167,013	\$ (11,084)
Special Revenue	1,807,038	1,814,732	7,694
Permanent	150	18	(132)
Private Purpose	1,700	124	(1,576)
Total	<u>\$ 1,986,985</u>	<u>\$ 1,981,887</u>	<u>\$ (5,098)</u>

Fund Type	2009 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 240,511	\$ 235,273	\$ 5,238
Special Revenue	2,979,396	1,965,848	1,013,548
Permanent	900	0	900
Private Purpose	1,700	1,027	673
Total	<u>\$ 3,222,507</u>	<u>\$ 2,202,148</u>	<u>\$ 1,020,359</u>

Budgetary activity for the year ending December 31, 2008 was as follows:

Fund Type	2008 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 193,082	\$ 230,273	\$ 37,191
Special Revenue	1,776,994	1,857,637	80,643
Permanent	250	149	(101)
Private Purpose	1,700	1,042	(658)
Total	<u>\$ 1,972,026</u>	<u>\$ 2,089,101</u>	<u>\$ 117,075</u>

Fund Type	2008 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 252,475	\$ 211,977	\$ 40,498
Special Revenue	2,945,639	1,830,028	1,115,611
Permanent	950	0	950
Private Purpose	1,500	761	739
Total	<u>\$ 3,200,564</u>	<u>\$ 2,042,766</u>	<u>\$ 1,157,798</u>

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

4. PROPERTY TAX

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

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

5. DEBT

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Cemetery Building Bond	\$4,438	3.6%
Total	<u>\$4,438</u>	

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

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

Year Ending December 31:	Cemetery Building Bonds	
	<u>Principal</u>	<u>Interest</u>
2010	<u>\$4,438</u>	<u>\$39</u>
Total	<u>\$4,438</u>	<u>\$39</u>

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

6. LEASES

The Township entered into a lease agreement with Ohio Township Association Master Leasing Program for the lease of a John Deere backhoe. The Township leases this to the Germantown Union Cemetery. Final lease payment due 2010.

The Township entered into a lease agreement with Ohio Township Association Master Leasing Program for the lease of property. The Township leases the property under a noncancellable lease. The lease has been restated to reflect a total lease cost of \$165,000, not including interest or administrative fee; original lease schedule was for additional option for a total of \$245,000, in 2005. The property is leased to the Germantown Union Cemetery. Final Lease payment due 2015.

The Township received a total of \$5,900 and \$19,792 from the Cemetery to pay lease costs for the years ended December 31, 2009 and 2008, respectively.

Future lease payments for the above leases are as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2010	\$ 25,574
2011	18,600
2012	17,925
2013	17,250
2014	16,575
2015	<u>20,900</u>
Total	<u>\$99,824</u>

7. RETIREMENT SYSTEM

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

Law enforcement members contributed 10.1 percent and all other OPERS members contributed 10.0 percent of their gross salaries for 2009 and 2008. In 2009, the Township contributed an amount equal to 17.63 percent of participants' gross salaries for law enforcement and 14.0 percent for all other members. In 2008, the Township contributed an amount equal to 17.4 percent of participant's gross salaries for law enforcement and 14.0 percent for all other members. The Township has paid all contributions required through December 31, 2009.

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

8. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risksharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$ 40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$ 27,755,922</u>	<u>\$ 29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

8. RISK MANAGEMENT, (Continued)

Based on discussions with OTARMA, the expected rates OTARMA charges 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 annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2009	\$13,380
2008	\$14,513
2007	\$14,611

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide 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.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 7, 2010, the date on which the financial statements were available for issue. The review did not reveal any subsequent events which would warrant inclusion here.

10. TRANSFERS

All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.15.

Transfers from the FEMA to:	<u>2009</u>
Other Special Revenue Funds	\$ 11,925
Transfers from the General Fund to:	
Special Revenue Funds	1,489
Total Transfers	<u>\$ 13,414</u>
Transfers from the General to:	<u>2008</u>
Special Revenue Funds	\$ 14,000
Total Transfers	<u>\$ 14,000</u>

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

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

German Township, Montgomery County
11179 State Route 725 West
Germantown, Ohio 45327

To the Board of Trustees:

We have audited the financial statements of German Township, Montgomery County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 7, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Finding Number 2009-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standard*.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 7, 2010.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

June 7, 2010

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 and 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Township Books and Records

Budgetary Reporting and Monitoring

The Township's budgetary information on their system did not match the information filed with the County Auditor. Amendments were noted as both filed with the County Auditor and made in the UAN system; however, the amounts reported in the UAN system did not match the final amended certificate of estimated resources filed with the County. Incorrect budgetary information is misleading and could lead to overspending.

The Fiscal Officer should reconcile the year end budgetary data with the approved amounts to ensure the budgetary activity is being reported accurately. These financial statements have been adjusted to reflect the approved and reported amounts to the County.

Failure to provide accurate and complete financial information limits management's resources for decision making and can provide a false perception of the Township's financial position. Failure to accurately prepare and reconcile the accounting records reduces the accountability over Township funds, reduces the Trustees ability to monitor financial activity, increases the likelihood that monies will be misappropriated and not detected and increases likelihood that the Township's financial statements will be misstated.

Response: The Fiscal Officer will include only those budgetary amounts reported to the County Auditor in the UAN system in the future.

**GERMAN TOWNSHIP
MONTGOMERY COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2007-001	ORC 5705.36 - Estimated receipts exceeding actual receipts	Partially	Issue as Management Letter Comment
2007-002	ORC Sec. 5705.41(D) - Expenditures were not properly certified and Then and Now POs were issued in excess of allowable amounts	Yes	
2007-003	Budgetary information in the UAN system did not match amounts filed with the County Auditor	No	Reissued as Finding Number 2009-001
2007-004	Material audit adjustments required as a result of various misspostings	Yes	



Mary Taylor, CPA
Auditor of State

GERMAN TOWNSHIP
MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 22, 2010